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# THE INDEPENDENT

Nº 3,357

THURSDAY 24 JULY 1997

WEATHER: Patchy rain

(R 45p) 40p

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**BAD NEWS FOR THIS LIFE ADDICTS**



IN THE TABLOID

**ILL-MET ON THE ROAD TO PALOOKAVILLE**



STARTS THIS SATURDAY

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## Goodbye to all that: our free universities are history

Lucy Ward and Fran Abrams

Twenty years of free university education came to an end yesterday as the Government announced the introduction of loans for university fees.

The announcement, which followed the completion of Sir Ron Dearing's 14-month inquiry into higher education, means that graduates from all but the poorest backgrounds will have to repay up to £3,000 towards the cost of their degree, on top of bills for living costs.

The changes, which have been welcomed by universities but fiercely opposed by student leaders, will still leave graduates from the wealthiest families with smaller debts than their poorer counterparts. And they raise the prospect of "golden hellos" for brightest graduates from employers prepared to repay their fees.

David Blunkett, the Secretary of State for Education, told MPs yesterday that he planned to abolish maintenance grants and to make graduates from better-off families pay £1,000 per year towards their fees. The move will mean that students whose parents earn less than £34,000 could leave university with debts of around £10,300. Those from richer families can still expect parental contributions, which will reduce their debts to around £8,000. Details will be published in a White Paper in the Autumn, but it seems likely that graduates might start repayments when they begin earning more than £10,000.

The Government's announcement marked a rejection of Sir Ron's main recommendations on funding. His committee decided that students should all pay a £1,000 fee and that mean-tested grants should stay.

Mr Blunkett promised yesterday that the move

### What it may cost you

What parents and graduates will pay under the Government's proposals:

| Family income                | £ 16,000 | £ 23,000 | £ 35,000 |
|------------------------------|----------|----------|----------|
| Maintenance (mnt) loan       | 3,440    | 3,440    | 2,685    |
| Parental contrib'n (mnt)     | 0        | 0        | 755      |
| Parental contrib'n (fees)    | 0        | 878      | 1,000    |
| Total debt after three years | 10,320   | 10,320   | 8,055    |

\* Based on students studying outside London

would mean more money both for universities and for further education colleges, but he did not promise that the extra income would be ring-fenced. Universities have insisted that the depth of their funding crisis means the Government must plough all new money from fees and savings on grants back into higher education.

Although Sir Ron did not demand more input from employers, his recommendations cannot be implemented without their help. His report says that courses should relate more closely to the world of work.

In return for extra cash, universities will be expected to accept far tighter controls on the quality of teaching they offer. Students should be given a clearer idea of what they will learn before they

start, and for the first time tutors will be expected to serve a probationary period in which they must gain teaching qualifications.

Making his announcement yesterday, Mr Blunkett warned universities that he would not tolerate the imposition of top-up fees by elite universities on top of the new loans. However, some were still threatening to introduce the charges last night. Both Durham and Nottingham universities - two of a group of six of Britain's old universities which have placed warnings of possible top-up fees in their prospectuses - confirmed they would make no decision on lifting the threat until the government's full funding plans became clear.

Stephen Dorrell, the Conservative education spokesman, said the news would be greeted with

disappointment in Britain's universities. "That disappointment will turn to anger when they realise the scale of the lost opportunity which the Government has allowed to pass and the scale of Mr Blunkett's defeat at the hands of the Chancellor of the Exchequer," he said.

The Liberal Democrat education spokesman, Don Foster, welcomed the Dearing committee's proposals to expand student numbers and widen access to higher education, but denied tuition fees were the answer to the university funding shortfall. Students should pay more, but the money should come through abolishing maintenance grants in favour of loans, he said.

Dearing Report details, page 10  
Leading article, page 17

The graduate: Loans for fees would leave poorer students, like the working-class woman played by Julie Walters in *Educating Rita*, with larger debts than their better-off counterparts

## Unions draw up secret plan to take on Blair

Barrie Clement  
Labour Editor

Trade-union leaders are preparing to confront Tony Blair at Labour's annual conference, after a clandestine meeting of six of the biggest unions agreed a united front against proposed party reforms.

The general secretaries, whose unions contributed most of Labour's election expenses, met at a London hotel on Tuesday. One of those present said they had "drawn a line on the sand" over Mr Blair's plans to distance Labour from union benefactors. They have been excluded from Downing Street since the election, and do not expect to be asked in to discuss the matter.

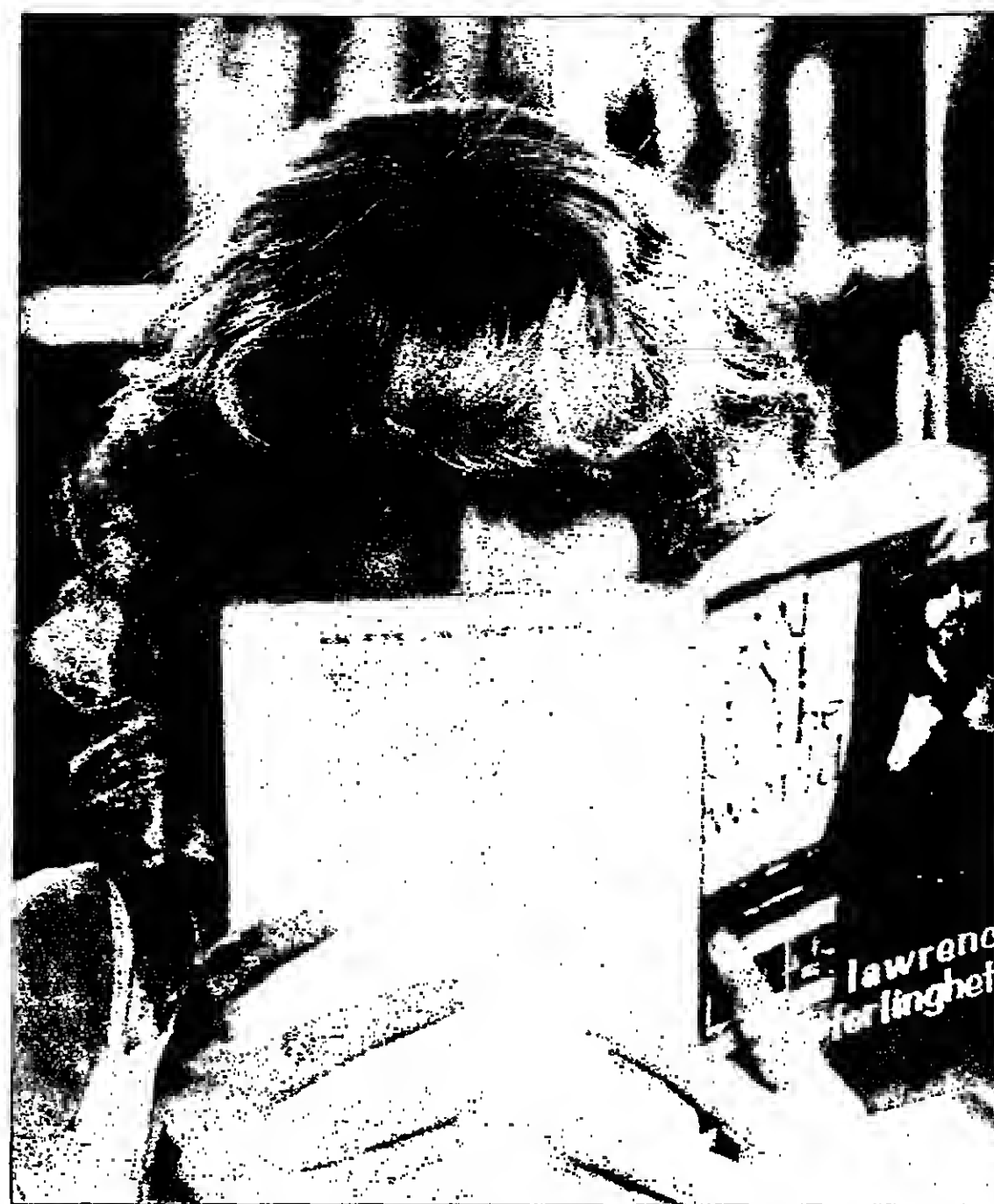
This makes a row at the autumn conference between old and new Labour unavoidable unless the leadership compromises on key points. Party figures meet today to draft a final document to go before the Labour national executive on Wednesday.

The *Independent* has been told the secret union session involved Rodney Bickerstaffe of the Union public-service union, John Edmonds of the GMB general union, Roger Lyons of MSF, Ken Jackson of the engineering union, Jimmy Knapp of the RMT transport union and Tony Dubbins of the GPMU print union.

Bill Morris, general secretary of the Transport and General Workers Union, was not present but has attended previous meetings of the secret grouping, which was formed in February after the Labour Party national executive (NEC) released its "Party into Power" consultative document proposing fundamental reforms.

The general secretaries, and colleagues known to sympathise with them, lead unions holding 45 per cent of the vote at the party conference, and represent the full range of opinions to the union movement. Even the Thatcher government was rarely able to produce such unanimity between right and left.

Opposition has also come from constituency organisations. Around a third of them have put forward resolutions to the annual conferences calling for the whole project to be delayed. Union leaders agreed on Tuesday that their "bottom line" in any future dealings with the Labour leadership should be no diminution of union input into the NEC or into the new policy forums.



## DPP wrong on police death charge

Patricia Wynn Davies  
Legal Affairs Editor

The Director of Public Prosecutions, Barbara Mills, yesterday conceded in a landmark case that she had been wrong to rule out a manslaughter charge against two police officers after a man died in their custody.

The Police Complaints Authority likewise accepted in the High Court that its decision not to recommend that the Metropolitan Police bring disciplinary charges against the officers, Constables Paul Wright and Andrew McCallum, was "flawed and should be quashed."

The unprecedented concessions

were made at the opening of four linked judicial reviews of Crown Prosecution Service decisions not to prosecute officers for death or serious injury, and mean that Mrs Mills and the authority must now re-consider whether to take action over the death of Nigerian-born Shiji Lapite during an incident in Stoke Newington, north London, in December 1994.

The legal challenge, the first of its kind, has also revealed how the Metropolitan Police strenuously resisted the authority's initial inclination to recommend that the officers be charged with disciplinary offences, and persuaded it to change its mind.

Olamide Jones, Mr Lapite's widow, said: "I am pleased with the decision today, but the fight is not over yet. I hope the police authorities will not continue to protect those responsible for my husband's death and that the CPS will take this opportunity to prosecute the officers involved."

Mr Lapite's case and a parallel challenge involving Irish-born Richard O'Brien, which is continuing, were both launched in the wake of unanimous inquest jury verdicts that they had been unlawfully killed.

A CPS statement said that Mrs Mills, who had approved a decision by Robert Munday, a Principal Crown Prosecutor,

not to prosecute, had decided to invite the court to quash the original decision in the light of material submitted by Mrs Jones' lawyers. In yet another significant concession, it added:

"The CPS has accepted that there may have been a weakness in the decision making process and has therefore asked a senior lawyer from the north of England to re-review this case."

Pathologists' reports revealed that Mr Lapite had suffered 36 to 45 separate injuries during the incident with the two officers. At the inquest, PC Wright admitted applying a neck-hold that fractured his larynx, causing him to die of suffocation. PC

McCallum admitted kicking Mr Lapite twice on the head, as hard as he could. The officers claimed that Mr Lapite had attempted to strangle PC Wright.

When the case reached the CPS, it insisted that the construction of Mr Lapite's neck might have been caused unintentionally by PC Wright's arm having become accidentally entangled in Mr Lapite's clothing, forming a ligature.

Ben Emmerson, counsel for Mrs Jones, told the court yesterday that Mrs Mills accepted in a recent letter that pathological evidence could not support such a theory. She also accepted that a legal mistake

had been made, relating to the elements of the offence of "unlawful act" manslaughter.

The seeds of the separate challenge against the Police Complaints Authority's decision were sown after Commander Ian Quinn, of the Metropolitan Police's Complaints Investigation Bureau, submitted a detailed response to the supervising member, Molly Meacher, opposing the bringing of charges. On the basis of the points he made, which included a material error involving the transposition of two pathologists' names, Mrs Meacher sought an opinion from counsel and then changed her mind.

## Workers' paradise delivers the goods



Michael Harrison

The captains of British industry were yesterday taught the secret of business success - sit back and let the workers run the company. At Ken Lewis's sheet metal-working firm in Sandy, Bedfordshire, the staff decide their own salaries and hours of work, set their own budgets and double as salesmen, cost accountants and quality control inspectors.

Mr Lewis, managing director of Dutton Engineering (Woodside) Ltd, says: "I don't think I've made a decision for two years, I've not had to sack any-

body and I've only ever had to discipline one chap and as it happens he brought in a £300,000 contract the other week."

The 28 staff work in teams of seven and decide their own work patterns, and when to take a long weekend to go fishing instead of slaving over a hot press.

There are no workers' committees or trade unions, and overtime is an alien concept. The average salary is £16,500 but at the end of every month 20 per cent of the profits are shared out among staff.

Mr Lewis got the idea after a visit to Japan in 1984. "It's just

common bloody sense," he says. "Too much British management is devoid of common sense. I am a happy man and so is everyone else because people's quality of life has gone up. We work smart, not hard."

His recipe for commercial success was spelt out yesterday to 120 business leaders at a competitiveness summit in London, organised by Margaret Beckett, the President of the Board of Trade. In case they were sceptical, he had come armed with the statistics - sales per employee twice the industry average, paperwork reduced by 70 per cent, lead times cut

from six weeks to eight hours, reject rate down to a fraction of a decimal point and, best of all, a £250,000 overdraft turned into a positive bank balance. Mr Lewis has no doubts his philosophy will catch on. He gets 600 visitors a year and last week entertained a deputation from Kuwait.

Since the business now runs without him, Mr Lewis can afford to spend his time going around the country, proselytizing and promoting his book, *How to Transform Your Company and Enjoy It*. "I don't think I am ever going to retire. I enjoy being a missionary too much."

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## news

## significant shorts

## Childminder convicted of killing four-month-old girl

A registered childminder was yesterday convicted of killing a four-month-old girl in her care.

Angelee Lee, 46, allegedly lost her temper with Danielle Firth and smashed her head against a hard surface, causing fatal fractures to her skull. A jury at Leeds Crown Court took four hours to convict Lee, who has two children of her own, of manslaughter.

She had pleaded not guilty to murder, initially claiming that Danielle fell on a plastic castle, then saying that she accidentally dropped the baby on her head. But a post mortem examination found five separate areas of bruising to the child's face, including her left eyebrow, ear, nose and jaw line.

## Crew malaise grounds BA flights

British Airways flights from Heathrow continue to be disrupted by 1,000 cabin crew off sick - double the usual number. The high absence rate, which originally coincided with the recent three-day strike, led to the cancellation of two long-haul flights yesterday and six short-haul services are likely to be grounded today. Management predicted there would be two long-haul cancellations tomorrow, on Saturday and on Sunday. Yesterday the airline said it would consider proposals to save £42m from cabin crew costs tabled by the Transport and General Workers' Union, the issue at the centre of the industrial action. The union has given the company until 8 August to reach a settlement. **Barrie Clement**

## Schoolgirl expelled for complaining

A schoolgirl has been expelled from school after complaining about the standard of teaching.

Sarah Briggs, 15, was barred from Queen Elizabeth's School, Mansfield, Nottinghamshire, after claiming the comprehensive had failed to make crucial changes recommended in a report by Ofsted, the education regulator. Together with three other pupils, she alleged she was falling behind in her GCSE work, citing one of the main reasons as teacher absenteeism. The other two pupils apologised, but Sarah, of Plesley, near Mansfield, said: "I am standing by my comments." In a letter to Sarah's parents, Susan, 40, and David, 43, the headteacher of the school, Nicola Atkin, said Sarah had been "excluded" because of her comments, which bring the school into "disrepute", and for "serious disrespectful conduct towards staff in school". A spokesman at the school said neither the headteacher nor teaching staff were prepared to comment.

## Happy Days are here again



A £2m theatre production of the hit television series *Happy Days* is being written by the star of the original show, Henry Winkler (pictured) alias The Fonz, the cool hoodlum who only had to snap his fingers to be surrounded by adoring girls.

The show will feature hit tunes from the Fifties and early Sixties, with compositions by lyricist David Capri. *The Happy Days* series, about a group of American high-school students, ran for 11 years from the mid-Seventies and was a huge hit in the UK. The musical is scheduled for a West End premiere in autumn 1998.

## Clear signal on human rights law

Lord Irvine, the Lord Chancellor, last night gave the clearest signal yet that the Government will adopt the weakest form of incorporation when the European Convention on Human Rights is made part of UK law. Lord Irvine told the Lord Mayor's judges' dinner: "Incorporating basic human rights into our domestic law will be a major new departure. It must not disturb the supremacy of Parliament." The remarks indicate that incorporation along the lines of the system in New Zealand is in prospect, in which judges would have no power to disapply primary legislation. Under such a system it would be for Parliament to pass amending legislation if a violation of the convention were found. **Patricia Wynn Davies**

## Jail for man in Aga Khan plot

An asylum seeker from Cameroon who tried to cheat the Aga Khan out of £25,000 was jailed yesterday for six months.

A court heard how a letter from the billionaire racehorse owner was intercepted and altered on its way to his bank in Geneva. The fraudsters forged instructions for the money to be sent to a branch of Barclays Bank in south London, said Keith Stone, for the prosecution, at Inner London Crown Court. Guy Rene Eyene, 37, living in Stockwell, south-west London, told police he was recruited by accomplices to pick up the money from the bank for a £2,000 fee.

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## people



Rich reward: Antonia Balint at yesterday's award ceremony (Photograph Reuters)

## Crowning glory for beauty queen stripped of her title

Six years almost to the day since she was disqualified as Miss Hungary for having posed naked, beauty queen Antonia Balint was rewarded her crown yesterday after winning a court case against the organisers.

Ms Balint and second-placed Tímea Rába were both disqualified immediately after the 1991 pageant when Hungarian newspapers printed photographs that had previously appeared in the men's magazine *Lui* and other publications. Erich Reil, the man who wrote the rules for Miss World, said Ms Balint should hand her prize back. The local organisers, Multimedia, then reclaimed the two contestants' prize money and named third-placed Orsolya Michna as the new Miss Hungary, sending her to the Miss World finale in London.

"I felt it was a huge injustice at the time because there was nothing in the contract I signed which said I'd done anything wrong," Ms Balint said as she clutched her sceptre after yesterday's award ceremony.

"The rule had been completely mistranslated in the contract we signed with Multimedia," Ms Balint's lawyer Katalin Kiszeley said. "Instead of the clause about not being allowed to pose nude there was a sentence saying contestants who had done such pictures should not allow other magazines to publish them during the competition."

Ms Balint was to have received a Renault Clio as well but never saw it. She refused to hand over the crown and sceptre and locked them away for six years in her parents' home.

A Budapest court finally ruled this month that Multimedia had misled Ms Balint, and awarded her damages plus the price of the Renault car, plus interest, estimated at a total \$30,000 (£18,000) - allowing her to take the crown out of storage.

"It's been frustrating not to be able to look at it for six years but I can finally call it mine," she said. **Duncan Shiels, Reuters**

## Death-fall climbers were posing for photographs

Two British climbers who were killed after falling into a ravine had stopped on a ledge to pose for photographs, French police said yesterday.

Mark Haseler and Clare Kempster, both in their thirties, plunged 3,000ft from the Alguille Bionassy on the French-Italian border of Europe's highest peak on Monday.

The pair were roped together and posing for the picture when Ms Kempster leaned over a snow-covered ledge to stop her rucksack sliding down the mountainside. She slipped over the edge pulling the Mr Haseler with her.

The third member of the group had untied himself to take the picture and escaped unharmed along with three other members of the climbing group - thought to include other members of the London-based Rock Hoppers club.

Marc Dubrille, of the Chamonix mountain police, said: "There were three British climbers roped

together as they made their way up Mont Blanc. They reached a ridge, with Italy on one side and France on the other, where there is a very beautiful view, and they apparently decided to get a photograph of themselves with the view in the background.

"One of them released himself from the rope, and the other two stepped back for the photo. At this point, the woman lost her rucksack, and it started sliding down the slope. She tried to catch on to it and fell, pulling the other climber with her. I believe that they were killed immediately."

The deaths are among the first this year on the 15,000ft glacial peak which is known as "the accursed mountain" by locals.

Andy MacNae of the British Mountaineering Council, of which the Mountain Hoppers is a member, said: "You could say this was a freak accident. It is quite a straightforward climb for experienced mountaineers but like any mountain it is a very serious place to be." **Kate Watson-Smyth**

## World accolade for Bournemouth

When Dennis Isaacs, a competition winner, was given the chance to take a £10,000 holiday anywhere in the world there was only one option.

Forget the exotic delights of Borneo, the Bermuda sun or the nightlife of Ibiza; caretaker Mr Isaacs, 71, only had eyes for Britain - and Bournemouth in particular.

He has chosen to spend his Barclays Bank prize on a trip to the Dorset resort, supplemented with a coach tour of the Scottish Highlands and a visit to Guernsey.

Mr Isaacs, from King's Lynn, Norfolk, who will be accompanied by his wife Kathleen, 80, said: "I prefer not to get into the hassle of travelling abroad... A holiday is all about relaxing and we want to go where we feel we can relax... the idea of all this exotic sun and sand doesn't really appeal."

Liz Micklethwaite, spokeswoman for Bournemouth Borough Council, said she was "delighted".

"We have beautiful beaches and gardens, clubs, pubs, a variety of accommodation and the New Forest is just on our doorstep - what more could you want?"

**Michael Streeter**

## briefing

## EVOLUTION

## Double asteroid-hit may have caused mass extinction

Two huge asteroid impacts on the Earth may have led to mass extinction of species 35 million years ago, according to new research. The collisions occurred within a few hundred thousand years of each other - a brief pause, in geological terms.

The "dinosaur-killer" asteroid, which hit the Gulf of Mexico, had already occurred: that happened about 65 million years ago. But the "double whammy" of asteroid impacts would have led to widespread species extinction by throwing up huge quantities of dust into the atmosphere, changing the global climate abruptly.

Scientists had known for some time of the impacts, the first of which was in Siberia, visible now as the 100-kilometre wide Popigai crater. But they disagreed about the date, putting it at anything between five million and 65 million years. But now a new study of rocks melted by the impact has narrowed the date down to 35.7 million years ago. A few hundred thousand years later, another huge object from space smashed into Chesapeake Bay in the US. The collisions were just before the so-called "Eocene cataclysm" marked by an abrupt reduction in biodiversity. The findings, by a team led by Richard Grieve of the Geological Survey of Canada in Ottawa, appear today in the science journal *Nature*. **Charles Arthur**

## SCIENCE

## Trekkies brought down to Earth

It turns out that *Star Trek's* Mr Scott was right when he would tell Captain Kirk: "Warp Factor Nine? But Captain, the engines can't take it!" The reason being that physicists have, yet again, quashed hopes of building a spaceship that could travel faster than light.

Why? Because they have calculated that to work, it would require more energy than is contained in the universe. Not so much Warp Factor Nine, as Warp Factor None.

The hopes of Trekkies were raised three years ago when Miguel Alcubierre, then at the University of Wales in Cardiff, suggested that a faster-than-light starship might be possible. Although the laws of physics do not allow an object to travel faster than light, he suggested that the same effect could be produced by "shrinking" space in front of the craft, and "expanding" that behind to make the destination closer and the departure point further away, propelling the spaceship faster than light.

However, Mitchell Penning and Larry Ford, at Tufts University in Medford, Massachusetts used Einstein's general theory of relativity to work out that the total amount of negative energy needed to sustain such a warp would have to be about 10 billion times the energy locked up in all the visible mass of the universe. Professor Ford told *New Scientist* magazine: "I don't think it's very likely anyone will find a way to do this." **Charles Arthur**



## HEALTH SERVICES

## London tops abortion league

Abortion rates in London are twice the national average, according to the first comprehensive report into abortion and contraceptive services.

Each day, 170 women in London have an abortion, and a further 330 take the "morning-after" pill. The Health of Londoners Project says that of the 400 women who become pregnant every day in London, only half intend to - but high levels of late abortions, and the fact that in some places fewer than half of abortions are funded by the NHS, suggests that there is difficulty obtaining access to the service. "Our report shows a patchwork of NHS services with almost a complete lack of co-ordination between family planning clinics and GPs, particularly in the inner-city areas where the need is greatest," said Dr Bobby Jacobson, director of Public Health for East London and the City Health Authority.

*Contraception and Abortion in London: Are we meeting the need?* from Health of Londoners Project, East London & The City Health Authority, Tredegar House, 97-99 Bow Road, London E3 2AN; £15. **Glenda Cooper**

## RACE DISCRIMINATION

## Second generation still suffering bias

Minority groups are continuing to pay an "ethnic penalty", enduring worse employment and housing prospects than their white counterparts.

According to the Office for National Statistics, there is little evidence that less discrimination is suffered by second-generation groups than their parents. Among the second generation, the relative chances of black Caribbean men in competition for places in the two topmost social classes were only 75 per cent of British-born whites of the same age and qualifications. In the competition to avoid unemployment their relative chances were down to 43 per cent. And analysing figures from the 1991 census, the ONS concludes more than 200,000 households would have to move home if the distribution of housing was to be equal, with ethnic groups less likely to own their own homes and more likely to have the worst living conditions.

*Ethnicity in the 1991 Census: Volume Four from the Stationery Office £29.95 and The Tables Are Bare, report available from the MSF, 50 Southwark Street, London, SE1 1UN; £5.*

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# Britain at top of heart disease league

Jeremy Laurance  
Health Editor

Britons are ignoring advice on the prevention of heart disease which has pushed the country to the top of the heart deaths league, a group of experts said yesterday. The United Kingdom and Ireland have the worst heart disease death rates in the Western world, having overtaken the United States, Australia and Scandinavia. One in four men and one in five women die of the disease, which is the single commonest cause of death. Only the emerging countries of Eastern Europe and Russia have a higher toll. The

Mediterranean region and Japan – all countries with diets which have been associated with good health – have the lowest rates.

There has been a worldwide fall in heart deaths since the 1970s (with the exception, again, of Eastern Europe) attributed to the fall in smoking and changes in diet. However, the decline in the UK – at 30 per cent – has been slower than in other countries and the burden of disability caused by the disease is rising.

Professor Desmond Julian, chairman of the National Heart Forum, an alliance of medical organisations that is calling for a new strategy to combat heart disease,

said countries such as Australia and the US had tackled the problem with greater vigour and commitment and reaped greater success.

"Our world is changing – the population is ageing, work patterns are changing and although the disease is still the leading cause of death among the whole adult population, heart disease inequalities are becoming more marked. In this context it is clear that prevention strategies must be re-fashioned," he said.

Professor Gerry Shaper, vice-chairman of the forum, said that the main causes of heart disease – diet, smoking and lack of exercise – had been known for more

than 20 years and there was no new research likely to alter that view. Infection, nutrition in the womb, genes and stress might all have a role, but were not significant compared with the main factors.

"We have no mystery on our hands. There is no holy grail waiting to be discovered. I gravely doubt there is any new evidence to emerge which will challenge the existing model on which we work. Even those who are researching these new areas do not expect it."

Professor Shaper said claims that the traditional risk factors could explain only half of heart disease were rubbish. "That bald statement based on inadequate re-

search has been repeated ad nauseam for 20 years. It drives me mad. Heart attacks do not come out of the blue. More than 90 per cent of them have at least one factor – raised blood pressure, raised cholesterol or smoking – which at least doubles the risk."

Scientists needed to sign up to the basic thesis, rather than squabbling over the finer points, to persuade the population to take advice on diet, smoking and exercise seriously. "The average level of physical activity is totally inadequate. We need to make dramatic changes, not just fiddle around at the edges," he said.

Professor Sir Michael Peckham, the Government's former head of medical research, said the threefold difference in heart death rates between the top and bottom socioeconomic groups, which had emerged only in the past 25 years, was "quite unacceptable." As chairman of a select committee of the forum set up to consider prevention policies, he said heart disease could be used as a Trojan horse to test the effectiveness of government policies to tackle health inequalities.

He called for a public health agency to monitor the impact of government policies in housing, transport and welfare on health.

## Death from coronary heart disease



## The end of Life as we know it?



Twenty-somethings: As the BBC delays over commissioning a third series of *This Life*, the future looks uncertain for characters Ferdy, Anna (also inset), Milly, Miles and Egg

By Paul McCann  
Media Correspondent

*This Life*, BBC 2's hit twenty-something drama, is likely to be without all five of its main characters next year because the BBC is dragging its feet about whether to commission a third series.

The BBC has already recorded a final episode to the current series that leaves open the possibility of new occupants of the shared house in any following series.

Sources close to the programme said yesterday that the actors who play Ferdy, Anna, Miles, Egg and Milly will have their schedules booked up before the BBC decided which, if any of them it wants for another series.

*This Life* is one of the BBC's biggest projects and it is difficult to get actors to commit themselves to recording 21 45-minute episodes without a long notice period.

One possibility being discussed is that two of the current characters may stay on in the house for a few episodes while new characters are in-

In case you've missed it, the story so far...

Employing the shaky hand-held camera techniques that distinguished 'yooof' programmes, *This Life* follows the love-lives and careers of a group of twenty-something lawyers who share a house in south London.

Its popularity is based on a realistic approach to drink, drugs, nicotine and casual sex. It employs soap opera tricks to hook the viewer, including infidelities shared with viewers.

The main characters are: barrister Anna, the sexually accident-prone lawyer with a longing for flatmate Miles. Miles, in the same chambers as Anna, is the obnoxious rich kid who recently got engaged, but then slept with Anna.

Milly, the control freak who is having an affair with her boss in the solicitors' firm, although she shares a bed with Egg.

Egg, who dropped out of firm where he worked with Milly and is running a café with a single mother.

Ferdy is a sexually confused Mexican dispatch rider who is forever being mistaken for an American Indian. Paul McCann

introduced to viewers. Fans of the programme at the BBC are known to be worried at the delay in commissioning the series because it took until well into the second series for viewers to get to know the characters and start following the programme avidly.

Now *This Life* attracts up to 4 million viewers which makes it one of BBC 2's best audience generators, bigger

than the much more hyped *Friends* and *ER* on Channel 4.

Recent criticism of the BBC's drama output by director general John Birt has stung the corporation's drama department and it is unhappy about the possibility of losing one of its successful projects just as it is starting to become a hit.

"Channel 4 spent most of the budget for foreign acqui-

sitions to secure *ER* and *Friends* for a few more years and Channel 5 was champing at the bit for them, while at the BBC they are dragging their feet over re-commissioning a bona fide hit," said a source close to the programme.

A BBC spokesman yesterday confirmed that no third series had been commissioned, but refused to comment on changes to characters.

The programme is made by World Productions, the production company owned by Tony Garrett who also makes hits such as *Ballykissangel* and *Between The Lines*.

Mr Garrett is currently in discussion with Channel 4's new boss Michael Jackson about producing long-running drama series for Channel 4.

*This Life* has earned plaudits for sustaining long runs by using different writers for each episode, while keeping the overall feel of the drama the same. It is considered a new way of producing popular drama without resorting to soap-opera formulas.

## Placing a bet becomes a bit of a gamble for the punter

Alexandra Williams

Imagine an industry with an annual turnover of £6.67bn and 12 million customers each year. But now imagine that this business has absolutely no regulatory body. Welcome to the betting industry.

Every year more than 1.57bn bets are placed at the bookies – mistakes are inevitable – yet the only way punters can complain is by phoning the betting companies' customer service department, or writing to the *Sporting Life* newspaper – the so-called Green Seal service – which adjudicates on such disputes.

David Brown is the latest customer to realise that when the betting company slips up there is little the punter can do.

Last week, he loyally placed a bet on his friend Barclay Howard, an amateur golfer and returned alcoholic playing all four days at the Open at Royal Troon. Mr Brown was given odds of 500-1 so he should have been delighted when his friend made the cut.

But instead the sub-post-



Slip ups: David Brown with his betting slip. Photograph: Colin McPherson

master from Falkirk, is embroiled in a bitter row with Ladbrokes, the largest betting company in the country. It claims the odds should only have been 6-1 and is offering Mr Brown £1,400 for his £100 stake.

But the father-of-two is refusing the offer and is today meeting his solicitor to assess the legal implications.

Last night, he said: "When I place a bet and win I expect to receive my money. I'm not giving in. I placed the bet on

Wednesday, I asked the girl for odds and she made a phone call and gave me odds of 500-1. But later in the day, Ladbrokes phoned saying the bet was void because the odds were wrong."

Mr Brown's case is just the tip of an iceberg and reform is desperately needed, according to Alan Meale, parliamentary private secretary to John Prescott and MP for Mansfield. He said: "I have always lobbied for a regulatory body. Wishing on bets is not uncommon. Ladbrokes

made a mistake and should have the decency to pay up.

"What's needed is a commission with teeth to deal with such cases. Protection for consumers is needed, after all they are buying something."

Michael Singer, chairman of the National Association for the Protection of Punters, said: "Mr Brown's situation is very sad and highlights the whole problem – it happens continually."

The law governing betting dates back to 1845 and states that gambling bets are not legally binding but "debts of honour". Mr Singer said: "Time has moved on since the 1800s when we were sending children up chimneys but the betting laws haven't. Every other industry has consumer protection and regulation except the betting industry."

In the case of Mr Brown, Ladbrokes is seeking refuge in a bookmakers' rule called "palpable error". Ed Nicholson, a spokesman for the company, said the Green Seal Service and Ladbrokes' customer services department dealt with complaints adequately.

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# Radio 4 chief girds up for battle to save his audience

Paul McCann  
Media Correspondent

Radio 4 controller James Boyle will stand in the Art Deco boardroom at the BBC's London headquarters today and tell the governors the station needs to change because half its audience only listen to the *Today* programme, *The World at One* and *The Archers*.

Research already presented to groups like the Confederation of British Industry, the Consumers' Association and the Guild of Cookery Writers shows Radio 4 loses as many as 620,000 listeners the minute *Today* finishes.

After *The World at One* as many as 400,000 listeners turn off and almost half a million disappear when *The Archers* ends. This means Radio 4's audience declines faster in the mornings than the rest of the country's radio stations. Most other stations see a slow decline from the mornings to the end of the day, but Radio 4's audience falls from a peak of 2.2 million to 500,000 in two hours.

Mr Boyle's research, seen by *The Independent*, shows half Radio 4's audience listen to other stations more than they listen to Radio 4. Loyalty to programmes is weak - except for news programmes. Radio 4's audience only tunes into the same slots once or twice a week.

Mr Boyle is also concerned that the average age of the station is 53, and of the 8.3 million people who listen in a week only 1.2 million are under 35. He wants to reverse a trend that has seen younger listeners move to Radio 5 Live.

The research also confirms that Radio 4's audience is overwhelmingly English. Only 500,000 of listeners hail from Scotland or Northern Ireland.

For the changes, and against



Alan Coren, humorist: "I identify Radio 4 as a constituency, or a country, more than a radio station."

James Suzman, writer and campaigner: "I love Radio 4 alone. There is nothing quite like that in the whole world. Why make it like the clanking-down radio stations?"

Steve Barnett, lecturer in media studies: "We must rely on the good judgement and integrity of the controller."

Iris Murdoch, writer: "Keep it old-fashioned... don't bring it up to date."

Brian Sewell, art critic: "Most of people who listen to Radio 4 are museum pieces. I am a museum piece, it is going to be spoilt if it is changed. Just get rid of the cricket and *Kaleidoscope* and I'll be content."

Anita Brookner, writer: "I want more *saturnalia*... more tales, more lectures... more information basically about the world."

Research by Agnès Séverin

The new schedule will be announced next week and then Radio 4 plans a big public information campaign to go over the head of a press which the corporation sees as hostile to change, and direct to listeners.

Radio 4 will broadcast a special hotline number - like that used to help re-tuning during *Test Match Special* - so listeners

can get details of the schedule before it goes on air in April. It will also advertise the hotline number in the national press.

Mr Boyle will tell the governors he wants to build on what is good about the station and apply a few modern scheduling techniques. Because *Today* is so successful he will extend it to take in *Farming Today* and *Yesterday in Parliament*.

This has attracted the wrath of MPs, but by airing *Today in Parliament* late at night the BBC is within its charter obligations on covering Parliament and if he is brave Mr Boyle can ignore Speaker Betty Boothroyd's "expression of concern".

To stop the switch-off by 620,000 listeners when *Today* ends, the 9am slot is to be refreshed so that Melvyn Bragg's *Start the Week* will turn into a celebrity chat show, *Midweek* may go altogether, and *The Moral Maze* will be moved to evenings.

*Woman's Hour* is likely to move to a 10am start to provide the cement in the morning schedule. A mid-morning drama has also been reported.

The consumer-affairs programme *You and Yours* may be revamped and the unloved *Afternoon Shift* is likely to go so that PM can move to a 4pm start time. The "more of a good thing" philosophy will be extended to *The Archers*, which will get another episode on a Saturday and a longer Sunday omnibus edition.

Saturday mornings, are deemed as ripe areas to pick up listeners so Cliff Morgan's *Sport of Four* may go as will the anomaly of having the dull and worthy *Money Box* between lighter-weight shows like *Loose Ends* and the 12.30 comedy games shows like the *News Quiz*.



Stage presence: Sir John Mills watches as Sir John Gielgud unveils the plaque at Dame Edith Evans's former home Photograph: Kalpesh Lathigra

## In honour of Dame Edith...

The traffic in the central London street came to a halt, a small crowd of startled onlookers gathered and the press cameras flashed for all they were worth. A mellifluous voice rang out enunciating every syllable with loving precision, writes David Lister.

Sir John Gielgud at the age of 93 yesterday gave what could be his last public performance, when he unveiled an English Heritage blue plaque in honour of Dame Edith Evans at her childhood home in Ebury Street, now a doctor's surgery.

Sir John was watched by another English acting legend, Sir John Mills, 89, as he played to the assembled gallery.

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politics

# Ulster talks face a long hot summer

David McGillick  
Ireland Correspondent

The scene was set yesterday for a summer of political arm-twisting in Northern Ireland as the three main Unionist parties rejected joint London-Dublin proposals on decommissioning as a basis for wide-ranging talks involving Sinn Féin.

Although there was widespread support among other parties for the proposals, the united Unionist front plunged the multi-party talks into uncertainty over their precise format.



Ian Paisley: Never likely to negotiate with Sinn Féin

But the Unionist stance had been expected, and ministers said both before and after yesterday's formal vote that the Government's determination to proceed to substantive negotiations on 15 September remained undimmed.

Tony Blair reiterated this in the Commons while the Secretary for Northern Ireland, Mo Mowlam, insisted on "all necessary steps" to ensure negotiations began on schedule.

It is now taken as a given that the two smaller Unionist parties, led by the Rev Ian Paisley and Robert McCartney, will never sit down with Sinn Féin. Most effort will therefore go into attempting to bring about a softening in the attitude of David Trimble's Ulster Unionists, which, as Northern Ireland's

largest party, holds a pivotal political position.

There is speculation that the talks structure may be recast in a looser formula which might allow a combination of multi-party get-togethers and "proximity talks", with some participants maintaining a distance from the actual conference chamber.

The situation was summed up by David Adams of the Ulster Democratic party, which has loyalist paramilitary associations and which abstained from the vote. He said: "There is talk of another process. All those like ourselves who are committed to entering substantive negotiations in September will just have to put our heads down and try and come up with some other way forward."

Yesterday's development brings a potentially precarious imbalance to the peace process, with Sinn Féin set to be admitted to the September talks but Unionists hanging back. In the coming weeks some spirited debate can be expected within the Protestant community on whether its principal political representatives are right to hold back from talks. Some important clerical figures have advocated going into the talks but the balance of opinion within the general Unionist community remains to be seen.

The Democratic Unionist party's deputy leader, Peter Robinson, said yesterday: "The Government has managed to reject this process by injecting terrorists into it." Sinn Féin's response, from its chairman Mitchel McLaughlin, was to call on the Government to press ahead with talks in the expectation that those who stayed away would join at a later stage.

He said: "What we see is in fact not the exercise of consent, but the exercise of a veto... on the political and peace process. It is not acceptable and it will spell for all of us a return to the conflict and the division we were hopefully about to leave behind."



Lordy gesture: Former England test cricketer Baron Cowdrey of Tonbridge (left), taking his seat in the Lords for the first time yesterday, accompanied by one of his sponsors, Lord Kingsdown

## PRIME MINISTER'S QUESTIONS THE LEADERS TACKLE BLAIR

**William Duggan**  
Blair asked for Blair's assurance that the decommissioning of weapons would not be made a condition of any negotiations with Sinn Féin, and that progress would be made only on the basis of consent. He asked 15 minutes before asking three more questions on the planned Blair summit. He said Blair was offering a "contract of peace" and that the Unionist side had to be satisfied that Blair's counter-claim that some would be "left behind" was not a threat.

**Paddy Ashdown**  
Ashdown asked Blair to comment on the importance of "400" progress in the Northern Ireland peace process. Blair said that the decommissioning of weapons must be brought up first, but that the substance of a lasting political settlement could begin.

## THE BACKBENCH ISSUES

**THEMES OF THE DAY**  
-The House of Commons debate on the Northern Ireland Bill (Sally Keeble, Lab, Northampton N) -The "constitutional" question (Sir John Gifford, Con, West Dorset W) -State of the House of Commons (Richard Allan, LD, Sheffield Hallam) -The Unionist, and the House of Commons (Sir John Gifford, Con, West Dorset W)

**GOOD DAY**  
**Paddy Ashdown**  
As well as being able to ask two more questions, Ashdown was able to be in a direct conversation to the Conservatives who were making him "a thought he did rather well on that," said Blair.

**DECOMMISSIONING**  
Blair was asking "a question" about the decommissioning of weapons, but "I gather from my honorable friends that it is not a question of if, but when."

**THE QUIP OF THE DAY**  
MPs have been considering the implications of the inclusion of some Liberal Democrats on a cabinet committee. After the SNP Vice-President, Andrew Watt, asked about it, Blair's question, Dennis Skinner (Lab, Scotland) said: "Play your cards right."

**THE UNANSWERED QUESTION**  
Tony Blair asked Blair whether the Liberal Democrats who joined the Cabinet Committee would be obliged to sign the Official Secrets Act, and whether they would receive information that was classified neither to the House of Commons nor to other Liberal Democrats.

**THE CREEP OF THE DAY**  
Andrew Watt (Lab, Leighton) read his question, against Commons rules. Tony Blair's answer, when he congratulated Blair for his question on the Official Secrets Act, was "a question of if, but when."

# Councils told to embrace the 'new era'

David Walker

The love-in between England's predominantly Labour-controlled councils and the new government reached new heights of passion yesterday when both the Deputy Prime Minister, John Prescott, and the Chancellor of the Exchequer, Gordon Brown, arrived in Manchester to tell the first annual conference of the Local Government Association (LGA) of their "key role" in realising its objectives.

The last time a serving Chancellor addressed a council conference, also in Manchester, was 16 years ago when Sir Geoffrey Howe came to tell them that the Prime Minister, Margaret Thatcher, was severely displeased with them and the rate support grant was to be cut.

This time, the two senior ministers went out of their way to extol a new era of partnership between central and local government.

For example, over the environment. Councils are in the front-line of securing Tony Blair's promises at the recent New York United Nations Environment conference. Mr Prescott said. A joint Whitehall-local authority plan would set out the ways in which councils could carry forward Agenda 21, the plan for sustainable development adopted at the Rio Earth Summit in 1992.

But Mr Prescott kept an iron fist in his glove when he also warned that despite the Government's wish to end "capping" of council budgets it would keep reserve powers to veto excessive increases in council tax in order to protect residents.

Mr Brown said that capping would continue through 1998-99. He defended Budget changes affecting pension funds, which have had significant knock-on effects on council

spending, by appealing to councillors to examine the longer run justice of his reforms rather than "short-term tax privileges". Since May, the 18-year "cold war" between councils and central government has given way to a warm summer of mutual appreciation.

Last week, Mr Prescott inaugurated a series of open-door sessions involving senior ministers and local government leaders, and the Government recently signed a European Charter guaranteeing local government rights of consultation. The LGA is itself a recent creation, formed in April from the separate associations representing the shire counties, the districts and the metropolitan areas. London boroughs belong, but retain their own separate organisation.

The Prime Minister sent a message to the inaugural conference praising councils for providing leadership to local communities, acting as a voice for citizens and delivering a range of vital services.

But the LGA's chairman, Sir Jeremy Beecham, former Labour leader of Newcastle upon Tyne Council, while delighting in the new friendly atmosphere, told the conference that the Government has yet to scrap the many restrictions on council freedom and finance imposed by the Conservatives. "It is time for a bonfire of controls," he said.

He warned that negotiations over next year's council spending were going to be tough, though he threw an olive branch to the Chancellor, by pledging that any "freedom of manoeuvre" given to councils on the financial front would not be used to increase council workers' pay. He identified special problems in paying for home helps and other assistance for the elderly and for the fire service.

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# End of term warnings to the troops

## Blair: 'We need unity, discipline and purpose'

Anthony Bevins  
Political Editor

Tony Blair cracked the whip over Labour MPs yesterday, demanding iron discipline in an end-of-term speech that surprised some backbench critics.

With a Commons majority of 180 under his belt from the May election, and a parliamentary party remarkable for its devotion to the Blair project, some MPs said the speech would have been more appropriate for a strife-ridden party on a knife-edge majority.

But the Prime Minister appears determined to break with all patterns of predictability and precedent, as demonstrated by the creation of his consultative Cabinet committee with the Liberal Democrats.

Yesterday Mr Blair told a closed-door meeting of the Parliamentary Labour Party, in the Commons: "If we are to be re-elected at the next election, we need unity, discipline, a sense of purpose and a continuing commitment to effective campaigning."

"That means that the 'Party into Power' proposals to be discussed at this year's conference should be passed in order

to help guarantee that the splits between party and government that have plagued Labour governments in the past don't occur in the future.

"Such divisions can only damage the party and the Government. We must operate as one, and must campaign with one another to sustain and build our party organisation to make it even more effective and successful than it has been up to now. This means ensuring that we conduct our internal differences of opinion in a way that does credit rather than harm to the party and in no way jeopardises our electoral prospects."

The message was that the leadership recognised debate and dissent was the lifeblood of the political process, but that it had to be aired with constructive discretion – without highlighting Labour's chances of winning the next election.

"We have never had a Labour government elected for a full two terms," Mr Blair said, "and our task must be to govern for the long term so that when the next election comes, the people of this country trust us and want to re-elect us with a continuing mandate."

"We must therefore continue

to be a government which is modern, fair and strong and these must be the defining characteristics of this Government."

Nevertheless, there has been increasing left-wing resentment of the "Party into Power" masterplan, which is seen as a device for neutering the power of party conference.

Senior Labour sources said yesterday there had been little criticism of the Blair-Ashdown deal to consult formally on issues of mutual agreement.

But Tony Benn later delivered a personal – and most public – protest to his leader during Prime Minister's Questions, when he rebuked Mr Blair for not making some kind of Commons announcement on the novelty of the consultative Cabinet committee.

And Paddy Ashdown was greeted by strong Tory barracking when he was called during Question Time. He rounded on the Conservative benches for their "hypocrisy".

The Liberal Democrat leader said that, in government, the Conservatives had welcomed cross-party support when they could get it. "Now, in opposition, they criticise it whenever anybody else does it."



## Hague: 'Time to end the sleaze and disunity'

Anthony Bevins

William Hague yesterday warned the Conservative Party that he intended root-and-branch change to tackle sleaze, organisational disunity and a lack of democracy.

He told a meeting of MPs, peers, activists and workers at the party's Westminster headquarters that they had to equip themselves for the modern age. "We must be true to our past, but in touch with our future," Mr Hague said.

"We must be fresh, open, clear, clean, outgoing and listening in our manner; all of which must be fully reflected in the organisation we present to the wider world."

That meant a shake-up and a clean-up, with an end to foreign donations; greater central discipline; one-member, one-vote procedures; more women MPs; and more MPs from the ethnic minorities.

"For the first time in our party's history," Mr Hague said, "each and every one of our members will have a direct say – a vote – on the future of their party ..."

"At the end of September I will seek the endorsement of every member of the party both for my leadership and for my principles of reform."

He said the ballot would be secret, and the result would be announced at the party conference. "The party can back me or sack me," he said.

There is no chance of a sacking, and there is every chance Mr Hague will be given the plenipotentiary powers he is seeking, to stamp out poor organisation and the lingering perception of sleaze.

In an attempt to reassure local associations, he said he did not plan to ride roughshod over their jealously guarded authority, including the power to select candidates.

But he warned: "In exceptional circumstances, the party needs power either to suspend

or to expel ... we will never seek to use these powers to remove from our party those political dissidents or parliamentary mavericks who, however frustrating their behaviour may be for the leadership of the day, can be a source of Conservative strength to the Conservative cause in the long term."

"But nor can we find ourselves in a position where sustained controversy in a single constituency blackens the name of the whole Conservative Party."

Mr Hague said his six principles of renewal were: unity, decentralisation, democracy, involvement, integrity and openness, and he said: "No reform is not an option."

An immediate endorsement was given by John Major, who said: "I strongly approve of these reforms to the party and urge everyone to accept and support them. Some will be controversial, but their time has now come; all are welcome. They are an essential prerequisite to prepare the party for the future and for a return to government."

But there was one notable omission from the speech – in spite of the new leader's promise to deliver a frank and brutal examination of the reasons for the May electoral defeat, he made no mention of the issue of Europe, which helped to present the image of a fatally fractured party to the electorate.

Mr Hague said: "We have to understand, without any trace of self-delusion, why the electorate, when they felt better off and still embraced our ideas, nonetheless wanted to be rid of us. The simple fact is that the voters believed we were divided among ourselves."

He also said that the new Blair-Ashdown Cabinet committee meant the Liberal Democrats had walked into Labour's trap, making it more apparent than ever "that we are the only alternative to Labour".



Laying down the law: William Hague and Tony Blair are demanding good behaviour

## PM aims to win wavering voters in Uxbridge

Colin Brown  
Chief Political Correspondent

Tony Blair will become the first Prime Minister in more than three decades to visit a by-election tomorrow to give Labour the chance of winning the seat from the Tories, completing the rout from the general election.

The unprecedented appearance of the Prime Minister in a by-election was seen in the constituency as a last-minute attempt to swing the final wavering voters to Labour in a contest which is too close to call.

He dismissed the convention that Prime Ministers should not enter by-election campaigns. "I am the elected Prime Minister and it is my government that is seeking the approval of the people of Uxbridge on 31 July. That is why I want to visit the constituency myself to explain to local people why Uxbridge needs Andy Slaughter as their next Labour MP," he said.

Andrew Lansley, the Tory candidate's "rival" and a former head of the Conservative Party research department, said Mr Blair was making a mistake. "If they felt sure they were going to win, they would not bring him here, because it's a hostage to fortune for every future by-election."

"They will have to bring him in at every future by-election. I have sat in on discussions on whether the Prime Minister should go to by-elections ... and always you end up coming down to the same answer, which is no."

"If you lose, you put the Prime Minister on the line. If you win, you have committed the Prime Minister to going to every by-election."

Sir Edward Heath told local Tories that he had never visited a by-election when he was Prime Minister. The no-show convention also applied to Baroness Thatcher and John Major.

The by-election was caused by the death of Sir Michael Shersby, whose majority was slashed at the general election from 12,368 to 724.

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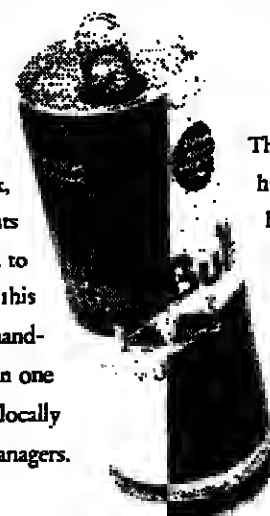
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## news

At the Opera House, the best seats go first...



Final 'final' curtain: Seats from the Royal Opera House in Covent Garden, which is undergoing a huge redevelopment, being delivered yesterday to the London Architectural Salvage and Supply Co on the edge of the City for sale to the public. Photograph: Brian Harris

## Judges urge law change for gay rights

Michael Strevatt

The Government promised to consider a change in housing law yesterday after the Court of Appeal reluctantly rejected a gay man's attempt to take on his dead partner's flat.

In a split 2-1 judgement, the court ruled that current laws did not protect the right of Martin Fitzpatrick to acquire the tenancy of his partner, John Thompson, but the judges called for a change in legislation.

Lord Justice Waite, rejecting Mr Fitzpatrick's appeal, was scathing about the state of the law, which only Parliament could change. "The law of suc-

### Homosexual loses bid to take on dead partner's flat

cession to Rent Act-protected tenancies is, in short, arbitrary and discriminatory. No one today would attempt to defend the favour it accords, outside the marriage tie, to heterosexual relationships over same-sex households." Mr Fitzpatrick said he had won a "moral victory" and was determined to appeal to the House of Lords. "As the law stood I knew I couldn't win the case, but when three judges say the law has to be changed... it is a great thing in my favour. That one of the judges voted for me made me feel that there is a very good chance in the future for me to win this case. I do not intend to give up until I win."

Mr Fitzpatrick, 47, who spent 20 years living with South African-born Thompson in the west London flat, had claimed that he was entitled to take on his partner's protected tenancy because they had effectively lived "as man and wife" for the purposes of the 1977 Rent Act.

He also said the closeness of their relationship entitled him the tenancy as a "member of the family". The court heard how for nine years Fitzpatrick, a

Dublin-born former Royal Navy serviceman, had given round-the-clock care to Thompson after the latter suffered brain damage in a fall down stairs.

When Thompson, a former silversmith, and the designated protected tenant of their flat, died in November 1994, the landlords, Sterling Housing Association, who, despite their name, are a private company, told Mr Fitzpatrick to leave.

In his ruling, Lord Justice Waite, who would have allowed Mr Fitzpatrick's appeal, stated: "In my judgment our society has shown itself to be tolerant enough to free itself from the burdens of stereotype and prejudice in all their subtle and ugly manifestations."

A spokeswoman for the Department of Environment said: "We will consider the terms of the judgement and will look at whether we should change the legislation." The department said it already encouraged local authorities and other social-housing providers to offer tenancies to people in similar circumstances.

However, there is no legal obligation on them or anyone in the private sector to do so.

Last year a Labour amendment giving gay couples the same rights as married couples was narrowly defeated after last-minute government concessions to Tory backbenchers.

## 'Lucky' BT pair fight dismissal

Katly Marks

Two British Telecom employees who were sacked after beating 30 million other callers to win £10 tickets on Concorde in a British Airways offer are to take BT to an industrial tribunal.

Neville Secular and Dean Perry, who worked in the same London office, lodged a claim this week against BT alleging unfair dismissal. They were sacked in March after the company carried out an internal inquiry following a public outcry.

The pair worked in the Data Build computer department, the nerve centre of the telephone system.

The chances of them both winning seats on the Valentine's Day flight to New York, allocated by a phone-in com-

petition, were estimated at 25,600 million to one.

At the time, BT said there was no evidence of fraud. But yesterday the company said the two men had "abused their position to gain advantage".

It refused to comment further, but the clear implication is that they used insider knowledge to circumvent the filter system designed to let only a specified number of calls reach the office that allocated tickets.

The BA offer for the 190 £10 return tickets was massively over-subscribed. Twenty million calls were logged in 25 minutes.

Mr Secular and Mr Perry have insisted that their success was pure coincidence, saying they decided separately to try their luck on the 0345 number before going into the office.

### DAILY POEM

#### Evacuation: 1940

By Anthony Thwaite

Liverpool docks. The big ship looms above  
Dark sheds and quays, its haughty funnels bright  
With paint and sunlight, as slim sailors shove  
About with chains and hawsers. Mummy's hand  
Is sticky in my own, but it's all right.  
Beginning an adventure. So I stand  
On a deck piled high with prams, the staterooms shrill  
With mothers' mutterings and clasped babies' cries.  
I squirm and tug, ten years impatient, till  
Loud hootings signal something... The surprise  
Of hugging her, feeling her face all wet:  
'Mummy, you're sweating.' They were tears, not mine.  
She went away. I was alone, and fine.

Pleasure, and guilt. Things you do not forget.

"Evacuation: 1940" is one of several poems prompted by childhood memories in Anthony Thwaite's most recent collection, *The Dust of the World* (1994). It now appears in *Selected Poems 1956-1996*, published (price £8.95) by Enitharmon Press at 36 St George's Avenue, London N7 0HD.

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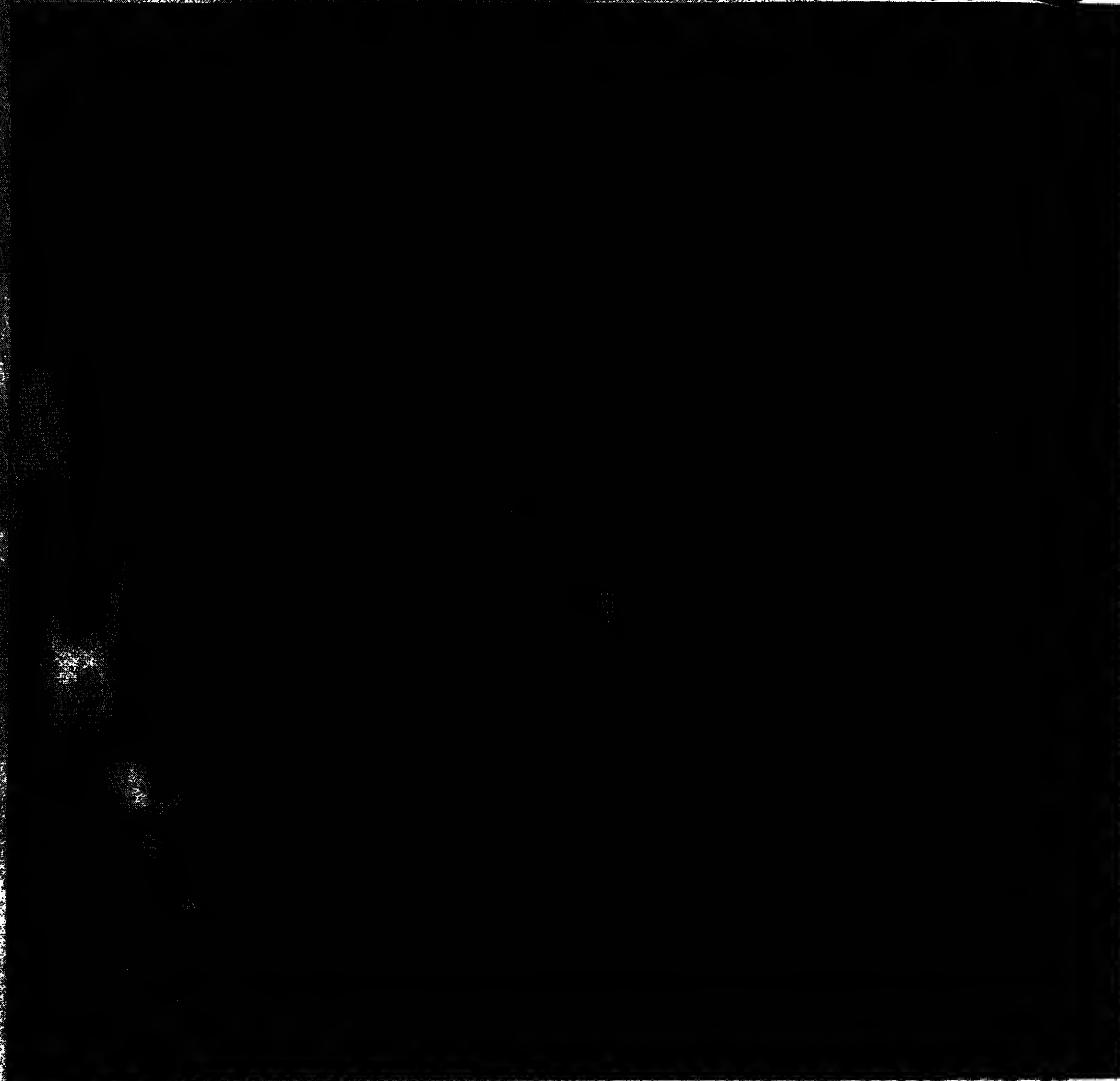
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COMMISSION FOR RACIAL EQUALITY



## the Dearing report

## 'The costs of higher education should be shared among those who benefit'

Lucy Ward  
Education Correspondent

The main points of Sir Ron Dearing's report are:

## Funding

**Universities' difficulties**  
Universities face serious funding problems, which will lead to a fall in the quality of both teaching and research in higher education (HE) if solutions are not found quickly.

Over the past 20 years, the number of students in HE has more than doubled to 1.6 million, and public funding for the sector has gone up in real terms by 45 per cent. But, at the same time, funding per student has fallen by 40 per cent, and investment in infrastructure has been slashed, with more funding cuts planned between now and 2000.

To fend off the worst of immediate cuts and to avoid damaging quality, universities need an extra £915m by the millennium.

Over the next 20 years, they will need even more cash to allow for an expansion in student numbers, more support for part-time students, improved infrastructure, more research and higher salaries.

**Who should pay?**  
The costs of higher education should be shared among those who benefit.

Graduates in work should make a greater contribution, since their degree will earn them on average an 11-14 per cent return, and employers should pay more towards staff training and education, and towards "sandwich years" in industry for undergraduates.

Public funding of HE should be reformed so that a smaller proportion is channelled through funding bodies and more money follows the student. Public spending should increase as the nation's wealth grows.

## How might fees work?

Contributions from graduates could come from one of a number of options involving payment for tuition, living costs, or a combination of the two. The committee's preferred option would see graduates make a flat-rate contribution of 25 per cent of average tuition costs for each year of their course via a subsidised income-contingent loan.

The present system of funding maintenance, in which means-tested grants are available for half the costs while loans finance the other half, would stay, but for the first time the loans would be means-tested.

The committee concludes that none of its four options provides all the extra money needed in the long term, but points out that more money could be raised in the short term by toughening even further the means test for



Setting the rules: Sir Ron Dearing

Photograph: Lathiga Kelpesh

maintenance grants and loans – potentially denying even loans for tuition to the wealthiest families. The Government would have to decide if such a move was acceptable, it says.

## How could students be protected?

No increase in graduates' contribution to tuition should be allowed without an independent review and the agreement of both Houses of Parliament. All money from fees repayments should be channelled back into HE. Universities

should be allowed to waive fees for students on benefits, and the social security system should be reviewed to ensure there are no financial disincentives to part-time study.

Student support should be administered by a single Student Support Agency.

**Expansion**  
Demand for HE from people of all ages will continue to grow. The UK should lift the cap on student num-

bers imposed in 1993 and aim to match the participation rates of other advanced nations, including the United States and Japan.

England and Wales should aim to see the number of school-leavers moving into higher education increasing from one third to at least 45 per cent – the figure already achieved in Scotland and Northern Ireland.

Much of the expansion should be at sub-degree level, such as study for the Higher National Certificate (HNC).

Because people from poorer backgrounds, ethnic minorities and the disabled are under-represented in HE, expansion funds should be targeted at institutions which can prove a commitment to widening participation.

## Qualifications

Expansion should not be at the expense of quality. Paying students will demand the highest standards. A package of measures to safeguard degree standards, overseen by a powerful Quality Assurance Agency, should include:

- An improved external examiner system, in which universities would have to draw on a national pool of recognised academic staff;
- Minimum "threshold" standards defined for all qualifications by 2000 to ensure guaranteed quality;
- A fair and robust complaints system;
- Tighter controls on franchising of

courses by universities to other institutions.

A consistent framework of qualifications should be agreed throughout the UK, involving recognised standards at each level.

There must be a change of values in higher education to afford more respect to teaching as well as to research. All new tutors in higher education would undergo compulsory training, overseen by a professional Institute for Learning and Teaching in Higher Education.

## Research

There has been no real-terms increase in government funding for research over the past decade, and UK spending on research compares poorly with competitor countries.

Research is vital to the economy and spending on it should be increased. The Government should set up a loan fund of at least £400m, funded by public and private research sponsors, to support infrastructure in top-quality research departments in real need.

## Information technology

By 2000 – 2001, higher education institutions should ensure all students have open access to a networked desktop computer, and by 2005–2006 all students will be required to have access to their own portable computer.

## NUS and academia at odds over findings

Vice-chancellors and students were yesterday polarised over plans to introduce tuition fees for higher education, writes Lucy Ward.

While university leaders welcomed the move as a realistic response to a crisis in university funding, the National Union of Students warned that fees would damage access to higher education for poorer would-be undergraduates.

The NUS president, Douglas Trainer, said: "We are totally opposed to any suggestion that students should pick up the bill for tuition. Once the principle of free tuition is breached, the door is open for universities to charge whatever they want for different courses and different colleges."

However, the Committee of Vice-Chancellors and Principals welcomed the "bold decision" by David Blunkett, Secretary of State for Education, to accept that full-time undergraduates must pay after graduation towards the cost of teaching.

The CVCP chief executive, Diana Warwick, said: "This is a necessary step to maintain the quality of their teaching and learning experience and provide a basis for future expansion."

However, the committee called on the Government to slash 6.5 per cent cuts in higher education funding planned over the next two years to no more than 2 per cent.

The Association of Colleges, which represents the further education sector, warmly welcomed proposals to expand higher education partly by increasing the number of students taking diplomas and certificates.

But it suggested the committee had failed to "grasp the nettle" and impose even higher tuition fees on graduates in order to release more funds into the impoverished further education sector.

Industry leaders also gave as qualified welcome to the report. The Confederation of British Industry supported proposals to expand student numbers and underpin quality of qualifications, but questioned the government's decision to abolish student grants.

Higher education unions praised the report, but said urgent steps were needed to remedy the funding crisis.

The Association of University Teachers said all income from fees must be ring-fenced for spending on higher education. The government must ensure universities did not introduce their own top-up fees, the union



End of first year: Zoë Keeler has a First in her economics prelims at Trinity College Cambridge – the richest of the Oxbridge colleges. Aged 20, she has no overdraft, but last Easter she took out the maximum £1,600 loan.

Zoë does not qualify for any grant money at the moment, because her parents are "middle-income I suppose. The means testing of tuition payments is silly. It will affect people like me the most ... It'll mean nothing to the high earners ... It's quite stupid. I've got a younger brother who'll be going through university after me, and my parents will have to pay for him too. You could be quite well off, but have four children," and means-testing would take no account of this. She says if she earns a reasonable salary, she will pay more tax and thus be "refunding the taxpayers' money".

She has managed financially because her parents have given her "around £50 a week for food and living", and she had £800 in the building society left over from her year off. She has also worked in local pubs in the evenings and at Wimbledon during the tennis championships.

On Dearing's "quality assurance", she feels she can already dictate what level of "product" she gets. "Every week [at Trinity] I meet a supervisor on my own. Elsewhere you might have nine or ten other people in your supervision."



End of Second year: Kat Myers says: "Tuition fees shouldn't be paid for by students. The system they're suggesting is fair, but it's a step over the line in principle." Kat, 21, from Blackpool, has completed the first two years of a Politics and Social Policy degree at Loughborough University and is now at the end of a year's sabbatical.

Her parents' income suggests she would "be somewhere on the sliding scale", but would definitely have to pay something towards tuition. She gets some grant money, and her parents make this up to about £3,000 a year, so far, she has taken out loans each year – £800 in the first year, but the full £1,650 in the second. She likes the flexibility of the current loans system. "In my first year, I had some savings from summer work, but in the second year, I accumulated an overdraft."

Kat has always worked in the summer vacation, earning around £140 a week. While unhappy with the idea of paying for tuition fees, Kat is none the less enthusiastic about the other suggestions Dearing makes. "At the moment, there's a big problem about the level of information given to students by the college. They're not told about what to expect and what rights they have." Like Dearing, she hopes in future students will have more influence in such areas.



Graduated a year ago: Chris Fabby still has an overdraft of £1,800. His History and Politics course at Huddersfield University went well, and, capitalising on his interest in the voluntary pressure group side of politics, he's spent much of the past year as President of the Huddersfield Union, earning about £9,000 a year. This means he also has the Student Loans Company on his back. "They started jumping on me as soon as I got the job. I managed to get a deferral in the end, but they wanted all sorts of documentation and wanted me to prove how much I was earning. Trying to convince them was unbelievable," he said. "You take out three years when you could be earning, and you expect a low standard of living, but the stereotypes of students are all wrong now. Your average student is now someone with two or three jobs, and on the breadline." Chris, 22, was on a full grant and took out the full loan each year. He thinks it was worth the sacrifices even though they are continuing. However, he says that many of Dearing's suggestions will make it much harder for the next generation. He opposes paying for tuition, which he says is the state's responsibility "if they want a well-educated society".

Interviews by Tom Hampson

## Pack a laptop and watch the bank balance

Lucy Ward

It's goodbye to the devil-may-care, beer-drinking student, turning out hand-written essays on obscure Anglo-Saxon poems and saving career plans for after graduation.

Undergraduates of the 21st century will be instantly recognisable by their laptop computers, sheaves of financial advice brochures, work experience checklists and – quite possibly – worried expressions.

An eye on the bank balance will be important: graduates would expect to leave university owing a minimum of £3,000 – £3,000 towards fees for their

three years' study and £5,000 in living-cost loans.

Parents, particularly those on higher incomes, are likely to start saving for their children's higher education as early as possible.

To keep costs down, more students may opt to live at home with their parents and attend nearby universities.

Increasing numbers of students will choose to study for a sub-degree qualification – a higher-level certificate or diploma in a job-related area such as business, computing, art and design, or leisure.

They may then continue in higher education, or opt to get

a job for a few years to gain experience and to save towards studying again later.

High-flying graduates will seek out top firms prepared to pay off their loans as part of a recruitment package.

Students will demand far more information about the skills and knowledge their

degree will give them. Universities will also have to pay more attention to preparing students for work, and more undergraduates will spend a sandwich year in industry.

By 2005, all students will be carrying laptops and making daily use of computers at their universities.



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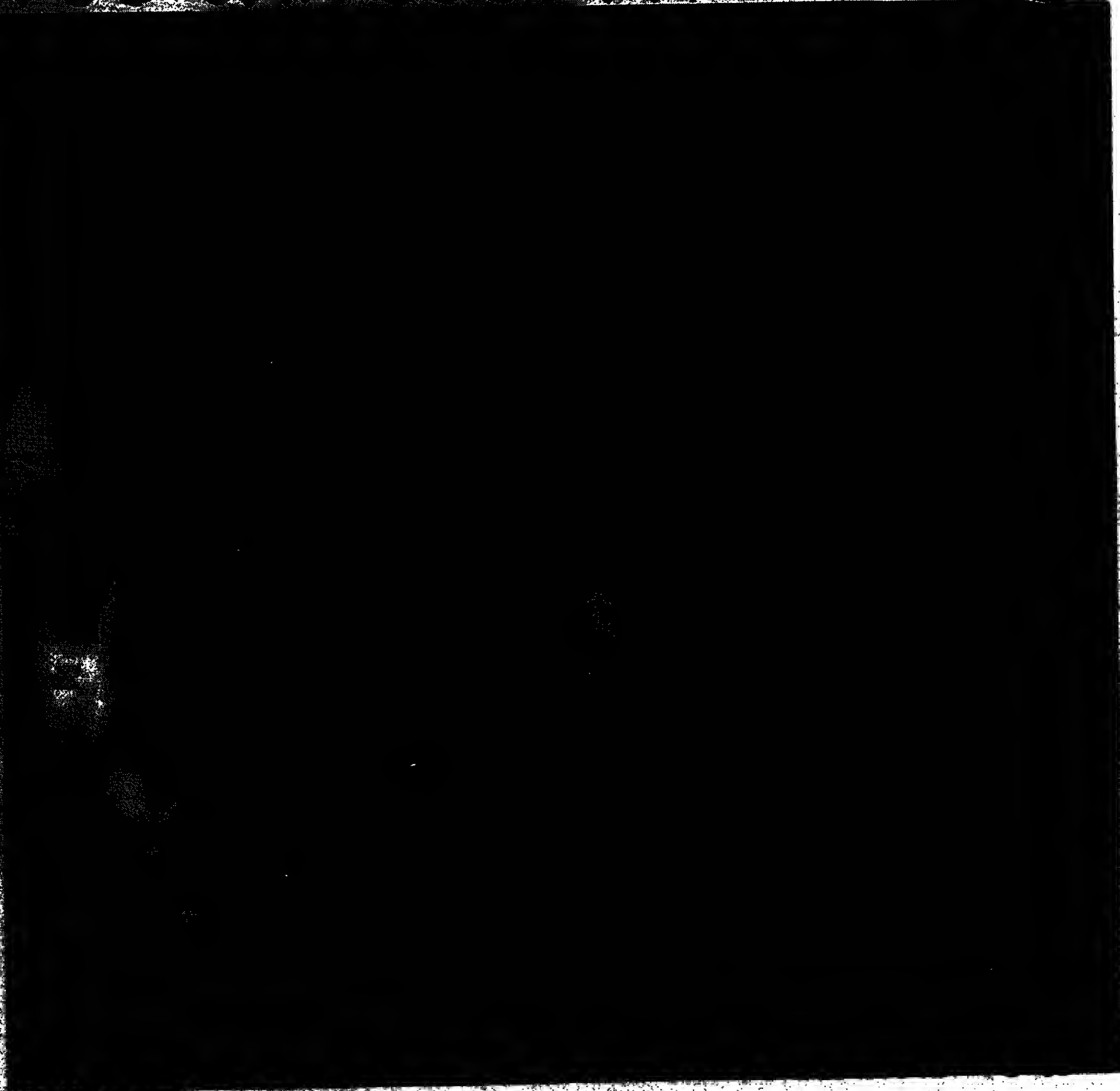


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The Croatian team did not so much burst into Belgrade as crawl in, keeping themselves very much to themselves. In central Belgrade, fans sporting black and white Partizan shirts spent all afternoon parading.

shouting slogans and honking car horns.

The confusion was even more evident in the line-up of the teams. Croatia Zagreb's star player, the 31-year-old

Football has been a much chastened sport in the former Yugoslavia ever since. Many of the best players have fled abroad. There has been a mod-

Mr Milosevic, used the shoes as a symbol of the number of Serbs who have walked out of the country during his rule.

[illegible]

**Joanna Lee**  
Paris

Guy Cogeval, director of the Museum of French Monuments, explained: "Although it looks like a battlefield, the damage to the artefacts is thankfully fairly limited." None of the originals was damaged and only 5 to 10 per cent of the plaster replicas have been destroyed.

**Clearing up:** The scene after the fire Photograph: Reuters

seum of the Cinema, which is situated in the basement, was caused by the thousands of gallons of water pumped by the fire brigade. The whole museum was flooded along with hundreds of costumes and photographs. Plans are now under way for their restoration. The 30,000 film reels stored there escaped unharmed and were under police guard yesterday afternoon in the Palais gardens. The total costs of repair are likely to run to millions of pounds.

Police sources confirmed yesterday morning that the fire was not being treated as suspicious. It had been started by flammable materials left by workmen. Although it is too early to say how long the Museum of the Cinema will be closed, the fire will not affect the opposite wing of the Palais de Chaillot, which houses the Museum of Mankind and the Marine Museum; the Trocadero will also remain open as normal.

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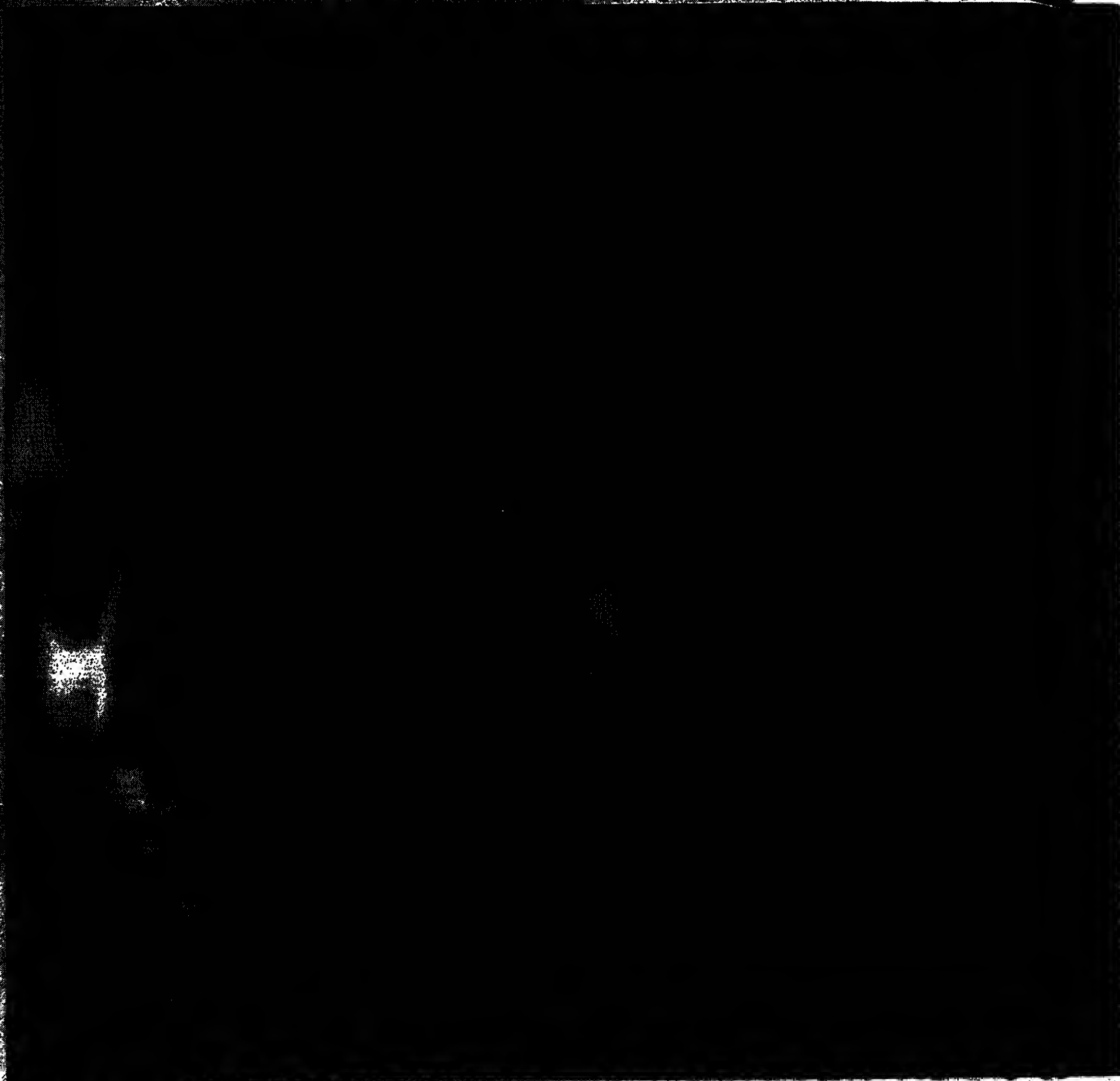
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# Famine feeds anti-British mood



New Englanders are the latest to follow Hollywood in fuelling anger over Irish history

David Usborne  
Cambridge, Massachusetts

There was new tumult on Cambridge Common in front of the gates to Harvard University yesterday. On the spot where over two centuries ago George Washington took control of the troops that chased Britain from colonial America, thousands gathered to mark another moment in history that is not kind to the English.

With the keening of bagpipes, throngs of Irish-Americans, a few in nationalist green-and-orange T-shirts, watched as the Irish President, Mary Robinson, unveiled the first memorial in the United States to Ireland's "Great Hunger" in the 1840s. Some shedding tears, all who attended later joined a solemn procession to lay yellow roses and white carnations at its base.

The bronze—a mother holding a dead child bidding farewell to a teenage son who is carrying a living infant and preparing to board a "coffin ship" bound for America—glints nobly in the memory of the 1 million who died in the potato famine that was at its harshest in 1847, and the 2 million more who fled from their country, many of them ending up on Massachusetts shores.

Until now, only memorials to



Irish roots: Final touches to Harvard's bronze statue in remembrance of the Great Hunger of the 1840s (left). Top left, Brad Pitt fights for the IRA in *The Devil's Own*

soldiers who fought the British in the Revolution had been permitted on the Common. The sub-text is clear: in many minds here the figures are also a testament to British colonial guilt. "We remember," declared the principle organiser of the memorial, John O'Connor, "the children with green teeth from eating grass, and we remember the decisions in London of a government that could have fed the Irish but decided it made good economic sense to drive them from their land."

Thus yesterday's fervour on the common also represented

a growing and politically-correct cult in the United States of romanticising the Irish story.

At its roots are both the nostalgia that naturally imbues any ethnic minority in a foreign land and also the appetite for votes among politicians in a country of 40 million people who describe themselves as Irish-Americans. Included in this Mr O'Connor, a Boston business man who aspires to a seat in Congress to represent a city where one in four people claim Irish descent. And include also, President Bill Clinton.

Hollywood too has recog-

nised this emotionally charged market. To cries of foul from many in Britain who see historical inaccuracies in them, films about Ireland have been tumbling from the studios. In *The Name of the Father*, portraying the miscarriage of justice in the conviction of the Guildford Four, was followed by *Michael Collins*, the freedom fighter who was the principle architect of the Irish Free State. This year we have already seen *The Devil's Own* and *Some Mother's Son*. While the granting of a visa to Gerry Adams in 1995 by President Clinton provoked the first

and most furious diplomatic spat with London, more recently it has been the famine itself that has been nettling relations. In recent months the states of New York, New Jersey, and Pennsylvania have passed legislation making the teaching of the famine to students in high school compulsory.

Most controversial was the New York State law that was tacked on to earlier legislation asking schools to teach about the Holocaust and other genocides. The state Governor, George Pataki, drew a sharp rebuke from the British Amba-

sador in Washington, Sir John Kerr, when he declared that the failure of Ireland's potato-crop was "the result of a deliberate campaign by the British to deny the Irish people the food they needed to survive".

In Boston last night, television news viewers watched a detailed report on how the Whig government in London chose to export crops from the Irish colony at the same time as its staple potato crop failed.

True, in April, Tony Blair offered a short statement of regret—not quite an apology—over the circumstances of the

famine. "Those who governed in London at the time failed their people through standing by while a crop failure turned into a massive human tragedy." But this may have only served to intensify the debate.

On Cambridge Common, President Robinson steers clear of the arguments over Britain's role in the famine. In the crowd, views are more bluntly expressed: "It was genocide and it was deliberate," insists Ed Child, an Irish-American and a cook at Harvard. As for the arguments that Britain is being treated unfairly, either in poli-

tics or on celluloid, Mr Child simply laughs. "It's like saying that that man who ate humans, Jeffrey Dahmer, was unfairly treated at his trial."

Trying to "educate" Americans is a full time job for the British embassies in the US. "I think there is a growing appreciation that this thing is more complicated than it has been commonly portrayed in this country, that is more than just a British and Irish problem," said one British diplomat.

Had he been here in Cambridge yesterday he may have felt less optimistic.

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## Italy pleads for death row inmate who captured the nation's soul

John Carlin  
Washington

Joseph O'Dell is just another death row inmate in his native America, the 44th to be killed this year if his scheduled execution goes ahead in the small hours of this morning. But in Italy the convicted murderer is a national martyr, a patron saint of unjust causes.

Yesterday, reports of his impending death led Italian news bulletins, but neither the *New York Times* nor the *Washington Post* dedicated one word to the story. Outside, the correctional centre in Greenvale, Virginia, there were more Italian journalists than American ones.

The Pope has appealed for clemency, as has Luigi Scalfaro, the Italian president and Romano Prodi, the prime minister.

The Italian parliament has passed a resolution demanding a stay of execution and on Monday, the mayor of Palermo led a delegation to the office of the governor of Virginia, George Allen, to plead for O'Dell's life on behalf of the people of his town, the whole of Italy and, he said, the European parliament.

O'Dell has been made an honorary citizen of Palermo and has expressed a wish to be buried there should the execution go ahead. The *Virginian-Pilot* newspaper reported on Tuesday that the Italian authorities were making contingency plans to fly his body to the Sicilian capital aboard an Italian air force plane.

But O'Dell, as his name would suggest, has no family connections with Palermo, Sicily or anywhere else in Italy. He

does not speak Italian and has never set foot on Italian soil.

Why O'Dell? He insists that he is innocent and there are reasons to doubt his guilt. A prison informer who testified that O'Dell had confessed to the murder recanted his testimony last year. His lawyers argue that he should be submitted to DNA testing not available in 1985 when he was convicted of beating, raping, sodomising and strangling a 44-year-old woman.

Doubts like these emerge time and again on the eve of executions. In American terms, there is nothing unique in O'Dell's predicament nor the nature of the barbarity which, in Italian eyes, the authorities are planning to perpetrate.

So why the melodrama in Italy? Correspondents in the US for Ansa, the Italian news

agency, and *La Repubblica* said yesterday that the story had merely been picked up by one newspaper, whereupon radio and TV had joined in, the snowball effect accelerated by the interventions of the Pope and president.

The decisive moment in swinging the public mood came 11 days ago, when *La Repubblica* published an open letter he wrote to the people of Italy. "If this act of injustice will be carried out," the letter said, "I will be sustained to my last breath by the thought that the people of your great nation will be with me, praying for me and my deathbed." However, O'Dell did not write the letter. The brainchild of a reporter from *La Repubblica*, O'Dell and his lawyers gave it their unmitigated approval.

## Automated highway puts computer in driving seat

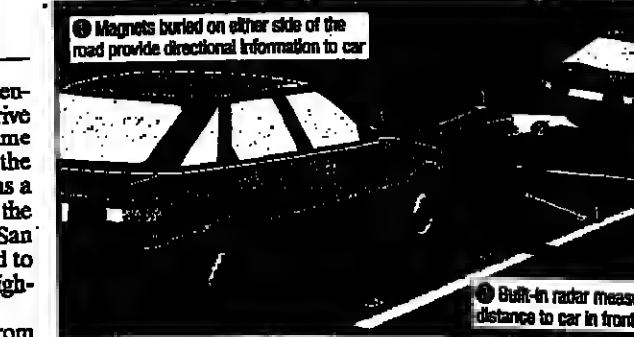
Charles Arthur  
Science Editor

Computers already run your engine, so why not let them drive the car too? That vision came slightly closer to reality in the United States on Tuesday as a 7.6-mile (12.2-km) stretch of the Interstate 15 road near San Diego, California, was used to show off the "automated highway" of the future.

Its creators, scientists from the University of Berkeley and members of the National Automated Highway System Consortium, were proud to call it "really dull". Once the computer takes over, the driver does not have to operate the pedals or even steer.

"It's really exciting for about the first 15 seconds, then it gets really dull," said Jim Killings of the NAHSC.

The test was purely a demonstration; the specially-equipped



● Magnets buried on either side of the road provide directional information to car

cars, which have radar and desktop PCs on board, are not available to the public.

But the NAHSC intends to have its system, on which it has spent \$20m, up and running by 2002.

The automated highway is a reaction to increasing gridlock on America's car-filled, bus-clogged and train-bereft transport system.

The traffic begins building up at 5am outside Washington DC, while some commuters near California's main work centres

have to leave home at 4am to get to work on time. The system works by detecting magnets buried about 1.2 metres apart on either side of the road, providing the directional information allowing the car to follow the road. A built-in radar also takes note of the distance to the car in front.

The dozen cars and buses in the demonstration project are equipped with tiny video cameras facing forward that also follow visual aids along the road. These could be cement barriers

or even deep tracks in a snowy road.

Supporters of the project insist it will save millions of federal dollars, as it relies on the existing infrastructure and would eliminate the need to build more freeway lanes. Vehicles could travel faster and closer, reducing fuel use (through slipstreaming) and, the inventors hope, accidents.

It would cost less than \$10,000 to equip one mile of freeway with the new technology, compared with anywhere from \$1m to \$100m to build each mile of new highway, said Dick Bishop, a transportation department spokesman.

However, it looks like the automated highway will not thrive without roadworks. As ever, the delays will get worse before they get better. Jim Baxter, president of the National Motorists' Association, has dubbed the new system "undriving", and warned: "We may be living in the golden age of commuting, and not even know it."

2001 من المجلد





Life's a breeze: Children watch as winds blow up clothes put out to dry by laundrymen on the banks of the River Buriganga in Dhaka, Bangladesh

Photograph: Reuters

## significant shorts

## Race against time for flood-threatened town

German rescue teams raced to evacuate areas along the Oder after a dyke reinforcing its banks burst and others threatened to collapse. Officials said they were clearing areas south of Frankfurt an der Oder and at the confluence of the Oder and Neisse rivers; water levels would rise by 20 cm (8in) during the day and the dykes were so porous that large swathes of the area could be under water by early next week.

Reuters - Frankfurt an der Oder

## Old foes mend fences

Hungary reopened a consulate in Cluj closed nine years ago by the late dictator Nicolae Ceausescu. But it was marred by Romanian nationalists phoning death-threats to the Prime Minister, Victor Ciorbea, accusing him of giving too many rights to Romania's 1.7 million ethnic Hungarians. Cluj, once a bilingual city with many native German-speakers, now has a population of 330,000, about a fourth of whom are ethnic Hungarians.

AP - Cluj

## Taylor wins Liberia poll

Liberia's electoral chiefs made final checks before proclaiming the former warlord Charles Taylor winner of presidential polls. Partial results on Tuesday gave him a 75-per-cent lead over 11 rivals, assuring him the job he failed to win by the gun. One of the contenders, the former foreign minister Baccus Mathews, conceded defeat and endorsed the elections as "reasonably free and fair".

Reuters - Monrovia

## Rebels slaughter 47

Muslim rebels killed 47 people, mostly by cutting their throats, in two attacks south of Algiers, an Algerian newspaper said. *Le Matin* said that 38 died in one attack and nine in another overnight on Sunday-Monday.

Reuters - Paris

## Yeltsin wins over the West Berisha declares he is resigning as president

Phil Reeves  
Moscow

Boris Yeltsin found himself with some strange bedfellows yesterday. The Pope, Human Rights activists, The United States Senate. These are not entities whom he has always considered friends. But his refusal to sign a Bill which would have sharply curbed religious freedom in Russia has won him rare international applause and will be seen as a milestone, albeit small, in his erratic presidency.

Observers of this complex man have long puzzled over which component of his character is dominant - despot, pragmatist or (loosely speaking) democrat. Is he the autocrat who bombarded parliament in 1993, and blindly led his nation into a bloodbath in Chechnya? Or is he the man whom the world remembers standing on a tank opposing the failed coup of 1991 - the same man who, for all his errors, presides over a country where the citizenry can read what they like, travel abroad, and (despite a manipulated press) say what they like.

## President risks wrath of Orthodox Church in refusal to sign bill restricting religious freedom

The third, and more convincing, variant is that of a man who simply does what it takes to retain power. It was this entity who fathered both the nationalist Boris Yeltsin of 1995, surrounded by his hard-line military cronies and dependent on the security services, and Boris the Beneficent who won the 1996 elections after promising to spend, spend, spend on the people - a pledge he knew he would break.

But the freedom of worship issue placed Mr Yeltsin in a genuine quandary. It was a "difficult decision", he said, after labouring over the papers from his holiday residence in Central Russia. And he was right. The Bill would have restricted the activities of all but four religions which are classified as "traditional" in Russia - Orthodox, Islam, Judaism, and Buddhism. All other faiths would have to prove that they have been active in Russia for more than 15

years before they received legal rights.

The ostensible targets of the new laws were outlandish religious sects. But it was also an attempt by the Orthodox Church to see off established rival churches from abroad, such as the Catholics, who claim 1 million worshippers in Russia. As such, it blatantly violated the Russian constitution which says that all religions are equal. The Bill forced Mr Yeltsin to make a choice in which he took a bit either way. Signing it would have dealt a blow to his relations with the United States and the West at a time when Russia is still seeking further loans, investment and integration into international structures. The US Senate was poised to withhold \$200m in aid had he signed.

Even without that threat, no politician in his right mind would seek to unleash the baying hounds of the American religious lobby. But, by vetoing it,

he has set himself at odds with the Orthodox Church, an institution which stands close to the state and which is being promoted as a focus for the new Russia's national aspirations by evoking its imperial past.

Mr Yeltsin is not especially devout, but he has forged close political ties to the Church. During his election campaign, he rarely missed an opportunity to appear on television standing next to the Russian Patriarch, Alexy II.

Yesterday the Church maintained a stony silence about the President's decision. But the hierarchy will be displeased. Mr Yeltsin's decision has also intensified his running battle with his Communist-dominated Parliament, with whom he has been fighting on several fronts, notably over removing Lenin from his mausoleum on Red Square.

On the face of it, a stand-off is now looming between the Kremlin and the legislature

when the latter returns to work in the autumn. Both houses overwhelmingly supported the Bill; they could override his veto with a two-thirds vote, forcing it into the courts.

Yesterday there were bullish cries from the Communist camp. Viktor Ilyukhin, a leading voice in the party, accused Mr Yeltsin of running a protectorate of the West. Another, Valentin Kuptsov, accused him of caving in to "voices from across the ocean".

However, none of this will worry Mr Yeltsin much. He relishes the opportunity to remind Parliament of its institutional weakness and his strength. And the Communist-nationalist opposition has proved so ineffectual that a debate has begun among Russia watchers over whether it amounts to an opposition at all.

Andrew Gumbel

President Sali Berisha of Albania marked the opening of the new parliament yesterday by announcing his "irrevocable" resignation as head of state in the wake of the stinging defeat suffered by his Democratic Party in last month's general elections.

The announcement, made in a radio broadcast and yet to be fully formalised, was one more tortuously taken step along the path to the relinquishing of the authoritarian power Mr Berisha has wielded over the past five years.

Ever since the elections, which went relatively smoothly despite the prevailing mood of anarchy in the country, Mr Berisha has paid lip-service to normal democratic behaviour

while still attempting to stir up trouble behind the scenes. First he lent his tacit support to Leka Zogu, hero of the royalist party whose attempt to become king was rejected in a popular referendum.

Then he complained that the elections had been conducted in an atmosphere of intimidation towards Democratic Party supporters and vowed that his party would boycott parliament until further notice. Party members serving on the central electoral commission held up the final results by two weeks by refusing to put their signatures to them. At yesterday's opening session of parliament, the Democratic Party seats remained empty.

Yesterday's statement was the clearest indication yet that

he is on his way out, but Mr Berisha has more ace up his sleeve. He put himself on his party's electoral list and will, once the boycott is over, enter parliament as leader of the opposition. He also has plenty of ardent supporters - many of them young, ill-educated and heavily armed, with the potential to stir up trouble.

This prospect still frightens many Albanians, although his room for manoeuvre is likely to be severely limited once he finally leaves office. The new government is expected to be led by the head of the victorious Socialist Party, Fatos Nano, while the new president is likely to be Rexhep Mejdani, who ran the Socialist Party while Mr Nano was in jail on trumped-up charges of corruption.

## British snub Burma as junta joins Asia's club

Richard Lloyd Parry  
Kuala Lumpur

In a move that was immediately welcomed by human rights groups, a senior British official yesterday boycotted a ceremony honouring the admission of the Burmese military junta into the Association of South-East Asian Nations (Asean).

The ceremony, at a hotel in the Malaysian capital, Kuala Lumpur, marked the culmination of a controversy which began a year ago, when the seven members of Asean formally

announced plans to admit Burma, along with Laos and Cambodia. The proposal caused immediate concern in the European Union and the United States, who refuse to recognise the State Law and Order Restoration Council (Slorc), Burma's junta, which exerts ruthless power in the country despite being defeated in elections seven years ago by Aung San Suu Kyi's National League for Democracy.

By the end of last year, it had become clear that Asean's mind was made up, and when the then



Gagged: Anti-Burma protesters yesterday Photograph: AP

Foreign Secretary, Malcolm Rifkind, attended a meeting of European and Asian delegations in Singapore in February, he made little more than ritualistic references to the problem.

Yesterday, however, acting on instructions from the Foreign Office in London, the British High Commissioner to Malaysia, David Moss, failed to attend the ceremony, sending in his place a diplomat of lower rank.

"Bearing in mind the state of UK-Burma relations, it was deemed inappropriate," said a spokesman for the High Commission. The other two members of the EU trioka, Luxembourg and Holland, as well as the United States, all sent their ambassadors to the ceremony, to the disgust of pro-democracy organisations who protested outside the hotel, wearing gas bearing the Asean slogans "Peace", "Freedom", "Neutrality" and "Prosperity".

"It's good that the UK has done this because for all these countries there is a serious question of credibility," said Fan Yew Teng, of the Burma Solidarity Group Malaysia. "It's one thing to impose sanctions on Slorc, but if you then turn up to their welcoming ceremony, what kind of message does that send?"

Until now, Britain's position has been in line with its European partners: an embargo on all arms sales, a bar on aid (apart from grass-roots support for humanitarian projects), but no formal trade embargo like that imposed by the US.

Diplomats in Brussels attempted to agree on a common European solution to the problem of attendance at the ceremony but in the end the British went their own way, in keeping with Labour's commitment to the

promotion of "human rights" and "ethical" foreign policy.

U Oba Gyan, the Burmese Foreign Minister, declined to comment on the decision and Jose Almonte, a senior Filipino official, said yesterday that Burma's presence at the Asean table was gaining acceptance outside Asia. "The US and EU are beginning to appreciate the rationale of Asean admitting Myanmar [Burma] into the grouping," he said.

But it is clear that despite the slackening of diplomatic pressure, east-west tensions over the issue have not abated, and much suspicion and even paranoia remains. This week, the Malaysian Prime Minister, Mahamad Mahathir, even blamed the devaluation crisis sweeping Asian currency markets on "a certain powerful American financier", an apparent reference to the billionaire speculator George Soros, who heads a foundation which promotes democracy in Burma.

The subject is likely to come up again on Sunday when Asean ministers meet their counterparts from China, Russia, the US, Japan and the EU at the Asean Regional Forum, a multilateral forum on defence and security. Asean argues that only by "constructive engagement" with Slorc can the junta be prevailed on to improve its record on human rights and democracy.

But a report issued this week by the human rights group Amnesty International, which describes extra-judicial executions, physical abuse of slave labourers, and forced relocation of villagers by the Burmese army, suggests that little has changed in the year since Burma was granted observer status at last year's Asean meeting.

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## obituaries / gazette

## Professor Jeremy Burdett

Jeremy Burdett had the ability to make complicated chemical ideas seem simple. He could go straight to the heart of a scientific problem, ignore confusing detail, and present his solution in a form accessible to everyone.

From 1978 until his untimely death at the age of 49, he was Professor of Chemistry at the University of Chicago. There his interests turned, in addition to the structure of individual molecules, to the structure of solids. His great contribution was to show how rather simple theoretical ideas derived from organic and inorganic chemistry could be applied to the apparently more complicated world of solids.

His approach was to bypass the immense number-crunching calculations then in vogue, yet he managed to provide deep insights into the structure of high-temperature superconductors and the design of materials with specific properties.

Burdett was born in London in 1947, and studied Natural Sciences, specialising in chemistry, at Magdalene College, Cambridge, from where he graduated in 1968. He immediately seized the opportunity to begin research in the United States, as Power Foundation Fellow at the University of Michigan, working with Professor Jerry Current. This experience left him with a deep respect for American chemistry, which had lasting consequences for his scientific career.

He obtained an MSc at Michigan in 1970 and returned to Cambridge to work with Jim Turner.

Already he was full of ideas and was very stubborn about them, even when he was wrong. He was working on Matrix Isolation, a spectroscopic technique which allows very unstable molecular fragments to be studied by trapping them at temperatures close to Absolute Zero (-273°C). Matrix Isolation led to the trapping of molecular fragments containing chromium or iron, with structures which were not predicted by conventional theory. Burdett became intrigued, and began to wonder why.

Following his Cambridge PhD in 1972, he was appointed Senior Research Officer at Newcastle University, where he moved with Jim Turner plus several other members of the Cambridge research group. Newcastle gave Burdett the opportunity to develop his ideas. In a series of elegant papers, he was able to rationalise the unusual molecular structures revealed by the Matrix Isolation experiments. In 1977, he and Maryn Poliakoff were jointly awarded Meldola medals of the Royal Society of Chemistry, Poliakoff for the experiments and Burdett for explaining them.

The year 1977 was a watershed. Burdett spent a sabbatical at Cornell with Rold Hoffmann, who later won the

Nobel Prize for Chemistry. Hoffmann's influence was crucial in determining the direction of Burdett's subsequent research. In 1978 he joined the faculty at the University of Chicago, where he was to spend the rest of his career.

Burdett's research activities were recognised by several awards, in Britain most notably by a Cambridge ScD (1991) and the Tilden Medal and Prize of the Royal Society of Chemistry (1995). In addition, he was a Sloan Fellow, a Camille and Henry Dreyfus Teacher-Scholar, a Fellow of the John Guggenheim Memorial Foundation, a Wilmore Fellow of the University of Melbourne (1985) and CNRS Visiting Professor at the Université de Paris-Sud, Orsay (1987) and at Rennes (1994). In Paris, he began a long and highly productive collaboration with Odile Eisenstein; their latest ideas are still to be published.

Along with more than 200 significant research papers, Burdett published several books in which he explained theoretical chemistry in non-specialised language. These include: *Molecular Shapes* (with Tom Albright and Mike Whangbo, 1980); *Orbital Interactions in Chemistry* (with Tom Albright, 1985); *Problems in Molecular Orbital Theory* (1992); and *Chemical Bonding in Solids* (1995). His latest book, *Chemical Bonds: a dialogue* (1997) addresses a series of fundamental questions,

which have puzzled chemists for a long time. As usual, his answers are refreshing, convincing and readily understandable.

His contributions to the University of Chicago were considerable. From 1987 to 1991, he was Master of the Physical Sciences Collegiate Division and Associate Dean of the Physical Sciences Division of the college. From 1992 till his death, he was Chairman of the Chemistry Department. His commitment to teaching was recognised by the University of Chicago's Amoco Foundation Award for Distinguished Contributions to Undergraduate Teaching in 1993.

Despite his long stay in the US, Jeremy Burdett remained recognisably an Englishman but he became sufficiently Americanised to be refreshingly critical on his many visits to the UK. He was a great colleague, bursting with enthusiasm. He taught with commitment, and influenced us all with his penetrating insight. It was fun to be in the laboratory with him.

James J. Turner and Maryn Poliakoff

Jeremy Keith Burdett, chemist, born London 1 July 1947; Senior Research Officer, Newcastle University 1972-78; Professor of Chemistry, University of Chicago 1978-97; Chairman of Department 1992-97; three times married (two sons); died Michigan 23 June 1997.



No number-crunching: Burdett remained recognisably an Englishman despite his 19 years in Chicago

## Ron Berry

For those who thought that, after *How Green Was My Valley*, the novel of Welsh proletarian life was exhausted, the work of Ron Berry came as something of a surprise.

Although he did not have the lyrical gifts of Richard Llewellyn, nor the power to create a powerful myth about the loss of Eden after the discovery of coal in the South Wales valleys, Berry was able to draw a more authentic picture of working-class life because he was born into it and over left it. His six novels are testimony to his deep sympathy with a way of life which, now that only one of the region's pits remains, has virtually come to an end and will soon pass from living memory.

He was born a miner's son in 1920 at Blaen-cwm, which, as its name implies, is at the top end of the Rhondda Fawr, perhaps the most famous of all the coal-bearing valleys of South Wales. Leaving school at the age of 14, he worked as a miner in local

pits until the outbreak of the Second World War, during which he served in both the Army and the Merchant Navy.

He also played soccer for Swansea Town and, "thick-set, pigeon-toed, and peasant-fisted", took up boxing for a while, a sport celebrated in his penultimate novel, *So Long, Hector Bebb* (1970), which is unusual in that its narrative consists of a series of interior monologues which are as sensitive as they are menacing.

Ron Berry began writing after spending a year at Coleg Harlech, "the College of the Second Chance", the residential college for adult students at Harlech in North Wales, where he read avidly and honed his left-wing political views in endless argument with staff and fellow-students. He was to remain profoundly suspicious of academic exegesis, particularly of the novel, but was able to hold his own in any discussion of the genre. His gruff manner and sometimes cootious

views enlivened the correspondence which he kept up with a wide circle of friends and acquaintances.

The Rhondas of Ron Berry's novels is unlike that of any other novelist: it is economically more prosperous (before the closing of the mines), its people more sophisticated and more hedonistic, less concerned with politics and religion than those in the stories of, say, Rhys Davies or Gwyn Thomas. The main characters in his first novel, *Hunters and Hunted* (1960), are feckless and mainly concerned with boozing, women and drawing the dole. In *Travelling Loaded* (1963) he describes the picaresque adventures of men who work in a steelworks during the winter and spend the summer living rough in the countryside.

Ron Berry once told me that he was trying to recreate "a happier Rhondas" than the one conventionally portrayed in the many novels which have taken the valleys as their background.

His concern that the old communal values were beginning to wither was first expressed in *The Full-Time Amateur* (1966), in which social change proceeds apace as the affluent working class buy cars and television, go to bingo and take holidays abroad.

He saw himself as their chronicler, lovingly but sometimes caustically recording "what remains of the past" before "it sputters out as garbled memory". This threnody for a doomed way of life found its fullest expression in *Flame and Slog* (1968), a novel based on his journal of a dying miner, whose poignant recollection of the old Rhondas is used as counterpoint to the harsh rootlessness and incomprehension of his children.

In Ron Berry's novels the working class, for all their shortcomings, adapt, survive and eventually thrive in their new conditions, so that his work is more a warm-hearted affirmation of his belief in them than

a rigorous critique. When Dewi Joshua, the hero of *This Boyne* (1996), his last novel, is declared redundant it looks like the end of him and the community of Moel.

This novel contains what will almost certainly be the last nostalgic look by a writer with first-hand experience of the mines at the industry which, more than any other, went to the making of South Wales. More than anything, Dewi misses "the togetherness of men underground, the bonding, walking the main, old hokes in the double-parting discussing Moel Exchange events... butties and mates settling down for grub at 11 o'clock, blokes queuing to the lamp-room, and collier-boys ching-waggling outside the pay hatch on Fridays".

Despite the fact that five of his books were published in London by such reputable firms as Hutchinson, W.H. Allen and Macmillan, Ron Berry was neglected by metro-

politan critics and, in Wales, it was only on the appearance of his last novel that he attracted much attention. This general indifference to his work took its toll, and together with the arthritis which plagued him for more than 30 years, was largely responsible for his rather sour attitude to critics and academics. Usually unemployed and often short of money, he spent a good deal of his time in fly-fishing and bird watching. One of his books was about the return of the peregrine falcon to his beloved Rhondas.

His financial difficulties were partially relieved in the 1970s when a number of his friends were instrumental in obtaining a Civil List pension for him.

Mele Stephens

Ronald Anthony Berry, novelist, born Blaen-cwm, Glamorgan 23 February 1920; married Rene Jones (two sons, three daughters); died Pontypridd, Mid Glamorgan 16 July 1997.

## Peter Cranwell

Peter Cranwell, the show-business entrepreneur, was believed to have died on 12 July, watching Australia beat England at cricket. It is thought he had a heart attack when England lost.

Born of a theatrical family in 1925, he was "on stage" in one disguise or another for most of his life. A stint in provincial repertory was followed by minor roles in Hollywood, including the television series *The Untouchables*. He was well liked by writers and actors, and his contacts led him into theatrical production in Los Angeles. *La Ronde*, Genet's *The Blacks* and *Witness for the Prosecution* established his name among the cognoscenti in Hollywood.

Moving back to Europe in the 1950s, he became executive producer in American co-production deals. He raised \$20m for a series of feature films for MGM/US using US tax-efficient partnerships which became a model for many American producers working in England.

In the early Seventies he travelled, making a fortune in Italian pipelines and oil leases. Going back into show business, he produced a series of musical disasters. Financially insolvent, he returned to business, making low-grade deals from his unofficial office, the Picasso on the King's Road, Chelsea, a restaurant popular with show-business refugees, whose capacity for cappuccino and bullshitting was legendary.

When he came up with the idea of making a musical out of *The Great Gatsby*, his pitch and CV were irresistible. He had even formed a financial committee to raise the money. It was headed by an octogenarian official from the Board of British Film Distributors, an ex-producer of nature films, a defrocked merchant banker and several punters from the Picasso: the producer suspected he had gone too far.

After frantic phone calls back and forth from London to Hollywood to New York, his solicitor suggested that there would be trouble getting the rights. Cranwell showed up at Gruncho's to explain to the producer, who was enjoying a very dry Martini with his initial cut out in the lemon peel. Anticipating a long explanation, he asked Cranwell if he should order another Martini. "I'd make it a double if I were you," said he.

His financial difficulties were partially relieved in the 1970s when a number of his friends were instrumental in obtaining a Civil List pension for him.

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Cranwell: irresistible

The musical didn't get off the ground, but my admiration for his ability to pitch a deal developed into a friendship I was proud of. His last year was spent in writing a memoir, in the style of Damon Runyon, of his association with the con men of the glitter collar world and the not so glamorous prizes of show business. Peter Cranwell had over 43 years of psychoanalysis. He overcame, one suspects, because he couldn't make the right deal.

Jay Landesman

Peter Cranwell, theatrical producer, born London 21 July 1925; died London 12 July 1997.

## Maurice Roche

To be born on the Day of the Dead might seem to presage a gloomy future. Maurice Roche, unique among contemporary French writers, who was born on that fateful date, refused to acknowledge the coincidence as an omen of catastrophe.

He spent much of his life making a mock of mortality. His irreverent spirit took a macabre delight in deriding those who took death seriously. He would quote "The Latest Decalogue" by that dishevelled Victorian Arthur Hugh Clough, with whom he had much in common: Thou shalt not kill; but needs not strive officiously to keep alive.

Derision was his only defence against a life he despised.

Roche spent the war as a student in Lyons, then moved to Paris to start work as a journalist on *Le Soir* (1946-48). Like almost every young man with literary leanings, he founded a short-lived magazine, *Elements*, in 1951. He did some reporting for various journals, and contributed to reviews both French and foreign.

His first book, *Monteverdi* (1960), was the first to be published in French on that divine composer. In the same year he composed music for the poems of Henri Pichette's *Epiphanyes*, the first of Roche's many ventures into song and opera.

He made his mark in novel with a very original first novel, *Compact*, which Philippe Sollers

brought to the attention of Seuil. It was published in his "Tel Quel" series. In a preface Sollers praises its liberty of form, its grim humour, its amused indifference to what are usually considered serious matters: disease, pain, loneliness and death itself. Recently, it was sumptuously re-edited by Tristan respecting all Roche's typographical eccentricities, and in seven colours, a different colour for each of the seven voices. Yet Roche overbelonged to the "Tel Quel" group or the creators of the *nouveau roman*. He remained an exception, almost an outsider, unclassifiable.

*Circus* (1972), *Codex* (1974) and *Opéra bouffe* (1975) are no-

table for their witty subversions of language and literary form, and belong to the tradition of Sirene, Rabelais, Jarry, Queneau and Jules Romains. They are composed of almost random fragments and short sequences, aphorisms, paradoxical phrases and absurd black melodramatic interventions. Roche's gay obsession with death and dying made some readers feel distinctly uncomfortable, as did succeeding titles like *Macabre*, *ou triomphe de la haute intelligence* (1979), *Testament* and *Maladie Mélodie* (both 1980), and especially *Je ne vais pas bien mais il faut que j'y aille* ("I'm Not Feeling Very Well But I'll Just Have To Get On With It"), which in 1987 won

the Grand Prix de l'Humour Noir.

The first sentence of this grotesque gallantry is very topical because it introduces a racing cyclist in the Tour de France who specialises in *contre la montre* record-breaking and is nicknamed "Le Chrono" by the sporting press. It starts:

He was before his time... which was very short, short as eternal oblivion... He was created and a few grams of his ashes were collected in a saucisson that ran for three minutes only.

In *Qui n'a pas vu Dieu n'a rien vu* ("He Who Has Not Seen God Has Seen Nothing") - a sarcastic title from 1990, he writes: "I wasn't born in those days, but now I'm catching up with my-

self." He attacks hospitals and the medical profession with light-hearted bitterness: "In the science of medicine's present state - and given your own - it is possible to estimate (barring accidents) the exact time of your approaching demise" - another topical quote.

In *Je ne vais pas bien mais il faut que j'y aille* he continues in the same vein:

"I live death at every moment. I get the feeling I came into this world with death on the brain... In our family, ever since the remotest antiquity, we have kept up the custom of passing away so many times, it has become hereditary."

And: One should first of all die, then begin to live - but why live anyhow?

Maurice Roche was a prose writer of great ingenuity and charm, with a love of absurd word-play that makes him almost untranslatable, and despite the lifelong duelling with death, full of sour puckish humour that sometimes makes one wince, then giggle helplessly. Like all true farceurs, he was deadly serious.

In *Maladie Mélodie* he wrote: "Is the pain going away, or am I just getting used to it?" Not a bad joke for the Day of the Dead.

James Kirkup

Maurice Roche, writer, born Clermont-Ferrand, France 2 November 1924; died Seves, France 19 July 1997.

## Hamish Nicol

Hamish Nicol claimed a world altitude singing record on return from his last walking tour in Nepal, writes Dr R. D. Morgan Williams [further to the obituaries]

by Stephen Venables. 11 July. He had been practising the tenor part of Bruckner's F minor Mass at a height of 13,000ft, and said he had never heard of

its having been done before and nobody was ever likely to do it again. Fourteen thousand had proved impossible, because there wasn't enough oxygen

about. This had happened because going on the walking tour caused him to miss enough rehearsals of the Stratford Choral Society's preparations to

disqualify him from taking part in the concert. To avoid that, he arranged to take along a specially prepared instructional tape; this enabled him, with the aid of a

tape player, to rehearse his part whilst walking.

He then sang successfully in the concert on the evening of his return to Stratford.

Sir David Pittblado, civil servant, died 9 July, aged 84. Principal Private Secretary to Clement Attlee while Prime Minister in 1951, and Anthony Eden in 1955, and Joint Principal Private Secretary, with Sir John Colville, to Sir Winston Churchill.

1951-55. Comptroller, and Auditor-General 1971-76. Professor Kenneth Haley, historian, died 21 July, aged 77. Author of *The First Earl of Shaftesbury* (1968), *The Dutch in the 17th Century* (1972) and *Politics in the Reign of Charles II* (1985).

## Birthdays

Mr Zahner Abbas, cricketer, 50; Mr John Amler, vice-president, Tesla, 63; Mr Robert Bauman, chairman, British Aerospace, 66; Baroness Blatch, former government minister, 60; Mr Julian Brazier MP, 44; Miss Lydia Carter, actress and singer, 46; Sir Trevor Chinn, chairman and chief executive, Lax Service, 62; Mr Anthony Colman MP, 54; Mr Robin Cutler, former Director-General, Forestry Commission, 63; Lord Digby, Lord Lieutenant for Dorset, 75; Mr Robert Farson, composer, 81; Sir Edward Ford, Secretary and Registrar, the Order of Merit, 87; M Jacques Fouroux, rugby player, 50; Professor Derek Fraser, Vice-Chancellor, Teesside University, 57; Lord Hain, chairman, Hambleton, 67; Mr James Hele, former High Master, St Paul's School, 70; Mr Wilfred Josephs, composer, 70; Vice-Admiral Sir David Loran, former Deputy Supreme Allied Commander, 73; Mr Edwin Mirvish, proprietor, the Old

Vic, 83; Mr Les Reed, songwriter, 62; Mr Ruggiero Ricci, violinist, 79; Sir David Simon (life peer), Minister for European Trade and Competitiveness, 58; Mr Christopher Smith MP, Secretary of State, Department of Media, Culture and Sport, 46; Sir Colin Southgate, chairman, Thorn EMI and PowerGen, 59; Miss Nora Swinburne, actress, 95; Professor Frank Thistlethwaite, founding Vice-Chancellor, East Anglia University, 62; Mr Peter Yates, film director and producer, 68.

## Anniversaries

Birthe Alexandre Dumas père (Day de la Puellierie), author, 1802. Death: Peter Sellers, actor, 1980. On this day, Britain's first speaking clock (TIM) began operating, with the voice of Jean Catin, 1936. Today is the Feast Day of St Boris or Romanus, St Christina of Bolsena, St Christina the Astonishing, St Decian, St Gled or David and St Lewana.

## ROYAL ENGAGEMENTS

The Queen and The Duke of Edinburgh will be in London for the wedding of Prince William, Duke of Cambridge, to Catherine Middleton, daughter of James Middleton and Jenny Middleton at Westminster Abbey, 10 June 2000. The Queen and The Duke of Edinburgh will be in London for the wedding of Prince William, Duke of Cambridge, to Catherine Middleton, daughter of James Middleton and Jenny Middleton at Westminster Abbey, 10 June 2000.

Changing of the Guard The Household Cavalry Mounted Regiment presents the Changing of the Guard at Horse Guards, 11am. For further information, visit the website at [www.royal.gov.uk](http://www.royal.gov.uk)

## Absolute immunity prevented plaintiff taking action in defamation

## LAW REPORT

24 July 1997

*Thyler and another v Serious Fraud Office and one, Court of Appeal (Lord Justice Kennedy, Lord Justice Millett and Sir Brian Neill) 22 July 1997*

A plaintiff was barred, by absolute immunity, from mounting an action for defamation based on material which formed part of a criminal investigation.

The Court of Appeal dismissed the plaintiffs' appeal from a decision of Sir Michael Davies, sitting as a judge of the Queen's Bench Division, ordering that the plaintiffs' action for defamation be struck out against the defendants, the Serious Fraud Office, Katherine McKenzie, the Law Society and Neil Rogerson.

In 1994 the Serious Fraud Office was investigating the activities of three men who were alleged to have committed a serious and complex fraud. During the course of the investigations Ms McKenzie,

an investigating lawyer employed by the SFO, wrote to the Attorney General of the Isle of Man, proposing that the first appellant, a solicitor in the Isle of Man, be interviewed. It had apparently emerged that he had invested clients' money with the alleged fraudsters.

Also as part of the investigation Ms McKenzie and a police officer went to see Neil Rogerson, a Law Society employee, at the Solicitors Complaints Bureau. He explained how the Compensation Fund worked, and its application to the fraud inquiry. A file note was made. Criminal proceedings had by then been begun against two of the men, and the SFO disclosed to their solicitors "unused material" which included the letter to the Attorney General and the file note.

The first appellant was later asked by counsel for one of the men if he would be prepared to assist and he was shown, amongst other documents, the letter and the file note. He and the second plaintiff, a company of which he was managing director, commenced the action against the respondents alleging that the letter and file note were defamatory.

*Lord Justice Kennedy (for the appellants), Andrew Gault QC and Colin Evans (Solicitor General for the first and second respondents and (Counsel) for the third and fourth respondents.*

taking to the court, and that it would be a breach of that undertaking to use them for the purposes of the present action.

Five propositions could be extracted from an examination of the authorities. What-ever the form of action it would be barred if it was founded upon what a witness had said in the witness box, or upon what had been said or done in preparing the evidence for a trial. That immunity was not, like absolute privilege, limited to actions alleging defamation, but applied in criminal cases to any form of parasitic litigation where the statement or conduct relied upon was part of the process of investigating a crime with a view to prosecution.

Documents seized by the police or other prosecuting au-

thority during a criminal investigation must be treated as confidential, their owners being entitled to expect that they would only be used for the specific purpose for which they had been seized.

In civil proceedings a party who obtained discovery was required in return to give an implied undertaking to the court not to use material supplied in the course of discovery or allow it to be used for any purpose other than the proper conduct of the action in which discovery was obtained.

When the prosecution disclosed material to the defence in the course of a criminal prosecution, whether it were used or unused material, the authorities prior to *Mahon v Rahm* (unreported, 23 May 1997) were silent as to whether that

gave rise to an implied undertaking of the kind just referred to.

The first and second propositions would be determinative of the appeal unless there were anything in the Criminal Procedure and Investigations Act 1996 or *Mahon v Rahm* which led to a different view. The Act did not have direct application to the present case because the material parts had not come into force until April 1997. *Mahon v Rahm* was not decisive either, because it did not address the issue of absolute immunity.

In conformity with the decision in *Mahon v Rahm*, however, the judge's finding as to the existence of and breach of an implied undertaking could not now be sustained, but for the reasons given that had no effect on the outcome of the appeal. The appeal was dismissed.

Kate O'Hanlon, Barrister



# Dearing: so much paper, so little inspiration

One can only conclude, from reading right through the summary and main report published by Sir Ron Dearing yesterday, that he and his committee buried themselves under towering piles of paper and a growing din of evidence from which they never managed to escape. The report published yesterday is uninspired, pedestrian, and is bound to make some readers wonder whether this kind of vast extended commission is the right way to prepare for developing radical long-term policy. Certainly the outcome in this case is an indigestible set of recommendations of questionable consistency. The report itself claims to set out a "new vision" of a "new compact" (ghostly word, compact), but in reality it does no such thing. In fact, the biggest single disappointment is that it has thrown away a once-in-30-years opportunity to paint a vivid, compelling picture of what higher education in Britain could be like in 2020.

No doubt the authors of the report, and Sir Ron in particular, will be dismayed by this judgement. In some measure they will be justified. After all, it's a big, complex subject. Higher education is a diverse sector of semi-autonomous institutions, and the committee members had only 14 months to consider their very wide remit (most of us think 14 months rather a long time, but let that pass). Moreover, when the key proposals are distilled from the document, most

are unobjectionable – indeed, virtually platitudinous. Of course we should have a "learning society". Of course it should be open to all of talent. Of course higher education needs to be properly funded. Of course we want to avoid nasty pay disputes. But the report reads across far too much of its acreage as if it is intent on summarising a "politically correct" received opinion about higher education – as if it is so eager not to offend anyone that it ends up saying all things to all people.

It is a great pity, not least because Sir Ron is one of the most impressive members of the great and good to emerge from the civil service and public enterprise machine since the end of the war. He has a fine mind, capable of distilling central issues. It does not feel as if such distillation skills have been applied successfully here.

No harm is done by publishing huge tomes of material: the big compendium of information, opinion and options gathered by the committee will no doubt prove a useful resource for higher education policy-makers. But surely a primary objective of a report like this should be to give incisive guidance, to lead opinion, to challenge assumptions, and to portray an alternative in terms that have significance for the people who use this public service? Few students or parents will learn much about the future of higher education by reading even the summary.

Still, what does one make of what the report suggests? Sir Ron insisted in a Radio 4 interview yesterday that the issue of future funding options was not the main element. Nonsense. That is what the argument is all about.

The view that we need to increase participation to 40 per cent or more is incontestable. Moreover, most of that expansion should indeed be achieved by encouraging people (as in Scotland, America, or most other advanced Western nations) to undertake study short of a full-blown degree. But the past 10 years or so of rapid expansion have severely strained the system. Further reductions

in the cost of educating an average student would in some institutions imperil quality. In order to achieve that further expansion while maintaining excellence, we need to work out a politically acceptable way of paying for it. We also need to establish the principles on which such a system must be based.

The report argues that neither government (ie, the general taxpayer) nor employers can afford the bill, even though both are clear beneficiaries. Students should bear the burden, where they can. Their earnings are considerably greater on average than those without higher education qualifications.

Quite right but the report suffers from a certain disingenuity about who will actually end up paying. In many cases, where they can afford it, parents will pay. Bright, successful graduates, who are being eagerly sought by employers, will be able to insist that the company recruiting them either pays them more to enable loan repayment, or gives them a golden hello to kiss off the debt quickly. A measure of inequity of that kind is unavoidable. The important thing is that talented people who are less well off should not be discouraged, nor should they be prevented from attending the best universities. This can be achieved either by Sir Ron's various routes, or the apparently preferred route being adopted by the Government. Which route you choose depends on how much money you want to raise for higher education, and how quickly.

But step back a moment. The very phrase "best universities" goes to the heart of what this report avoids discussing. Any honest vision of the future must accept that we are moving towards an essentially American-style system, in which there are three tiers of institution. The first is a kind of Ivy League of top-class research and teaching institutions. Some of those are pondering whether they will need to levy even higher fees. The second tier will be, in effect, local universities: in order to keep costs down, students will increasingly attend a university near

their home, get a part-time job, and diminish the burden on their parents. The third tier will be colleges (and this is where the next phase of expansion must really happen) which teach sub-degree level courses, often vocationally oriented, often to mature students. Nothing is gained from side-stepping this description of the future: it is the direction in which we are heading, and we should be frank and open and happy about it. It is part of the business of modernising Britain.

## The feeling is mutual – for now

Nationwide Building Society voters may or may not have done themselves a service as savers and borrowers by fending off the "de-mutualisers". Time will tell whether the Nationwide board and staff manage to outperform the former building societies which have turned into banks. And time is precisely the point: those voters have done us all a service by preserving a vital element of competition in the financial system. Mutuality is not of itself preferable. Let's now see whether over the next few years the Nationwide can, not having to distribute profits to shareholders, offer cheaper mortgages or extra benefits to savers.

## LETTERS TO THE EDITOR

### Oxford must ease pressure on students

Sir: I had tutorials with Sarah Napuk in our first year of Oxford ("Family blame Oxford for student's death," 22 July). In one of the last conversations I had with her, she told me she had been told to work 12 hours a day.

I do not deny that Oxford attracts perfectionists and those already prone to depression. But since such people will always form a very high percentage of those accepted by the university, tutors who refuse to recognise that they must offer high levels of support reveal the utmost arrogance and irresponsibility.

I do not blame the counselling services, but rather the unrepresentative exam system and the university's refusal to monitor or discipline its tutors over their standards in teaching, or the pressure they place upon students, or, in some cases, their repeated sexual harassment of students.

For me, Finals were a test of stamina and my short-term memory. By the arrival of my exams I was unable to eat anything but yoghurt or soup. I gained a 2:1 and not the First I was repeatedly told I was capable of. If I had not been able to win awards from my college, I would feel that my three years of hard work and a final year of enormous stress had been totally ignored by Oxford.

In 1999 one of the seven history papers will be replaced by compulsory course work. This is wholly inadequate.  
SOPHIE DODGSON  
Oxford

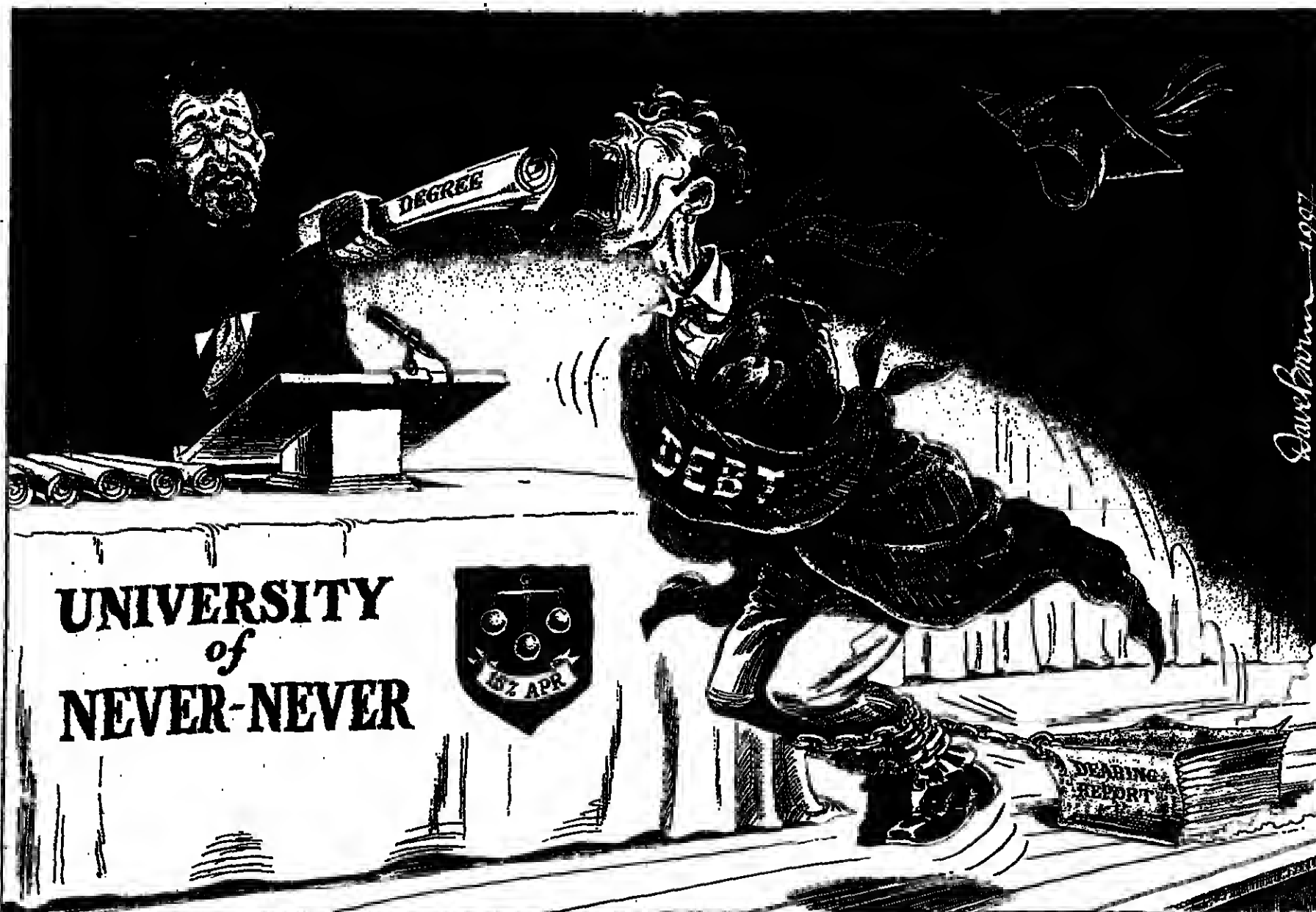
Sir: As a final year undergraduate in French at Exeter college, Oxford, I'd like to offer some thoughts on what depresses me most as next year's summer exams begin to loom. Your article on Sarah Napuk, whom I knew all too fleetingly, addresses many issues but ultimately offers far too blurred a picture. I'm afraid that the city of mist and Morse may soak up rather too easily the vocabulary of "tragic wastes" and slip away unchanged.

In Sarah's subject, history, and in my own, the degree that you receive after three years is based almost entirely on two weeks of examinations. You might have thought this a little strange in an institution that is supposed to groom the next generation of researchers, where a course-work component would seem more appropriate a test.

Yet unlike in virtually every other university in the land, course work is minimal, optional and in no way recommended. Instead, you live in dread of that last frantic fortnight which has nothing whatsoever to do with careful, thorough argument and everything to do with brash verbal charlatanism. Any remaining confidence in the system finally ebbs away when you hear how your scripts are marked.

One fellow, a leading English critic, recently decided a borderline case by declaring in a markers' meeting: "This boy has a beautiful mind." Knowing that your future depends on this silliness is not easy, especially if you are female (the percentages repeatedly favour male candidates) and if expectations are high.  
TIM CHESTERS  
Hull

Sir: A possible cause of Oxford student Sarah Napuk's death is a course structure in which by far the



most significant assessments are the Finals, those examinations which test everything learnt over the past three to four years, which are effectively a test of memory and ability to cram, rather than of real knowledge and aptitude.

On the other hand, modular courses, where the examinations are taken throughout the course, reduce the stress of the final term by spreading it out over the whole course. Modular courses feel more rewarding because once a module is examined, that part of the course is done. This does not mean that modular courses are any easier. With traditional courses, it is possible to get away with doing very little until the final term – this is not so with modular courses, which demand steady work throughout, all of it counting.

ALEX MACFIE  
Llanddewi Rhydydarth, Gwent

Sir: Academic pressures on students at Oxford University are indeed unreasonable. There are a number of reasons why I would not recommend an Oxford education: one of them would certainly be the way the university's examinations are structured.

I graduated from Oxford in 1968 with a Second Class honours degree in modern history. For at least a decade afterwards I would occasionally, on waking, be alarmed by a momentary, but very real, fear that I had not yet sat my Finals. Frankly, I would rather have attended a more progressive university.

ROGER HEWELL  
Bath

Sir: Long before coming to Oxford or Cambridge children are often put under great pressure by the

expectations of their parents and their school to do well academically.

The sole blame should not rest with the university system. Our culture prizes success too highly. Failure under such circumstances is sometimes unendurable.  
HILARY ELLIOTT  
Cambridge

Sir: It is disappointing to have the name of Ian Hyde included in an article concerned with student suicides ("Talent that went to waste", 22 July).

The Cotner recorded an open verdict on Ian Hyde. He was a man of great talent and was well on top of his academic work and enjoying it. He was popular with his contemporaries in college, greatly liked by his tutors, and strongly supported by a loving family, all of whom continue to miss him. He enjoyed Oxford. Our grief and his memory deserve better respect.  
Professor K A McLAUCHLAN, FRSc  
Tutor in Chemistry  
Herford College, Oxford

### Apollo fire

Sir: Your Science Editor is mistaken when he states ("Mir must wait to take place in history", 18 July) that "the Apollo 1 module caught fire 10 minutes before it was due to take off". There was no intention for the module to take off; the crew were involved in a ground-based practice run.  
COLIN ATTENBOROUGH  
Ely, Cambridgeshire

### Carrying the can for US in Bosnia

Sir: Do you remember how the Americans went into Vietnam to rescue the good from the bad, to stop the fighting, to prevent invaders pouring over the dividing line of a divided country, and to keep the Russians and Chinese out?

And the installing and unseating of local rulers, and the elections which never carried conviction, and the deadlines that kept going by, and the appalling bad military intelligence? And the faith that a piece of paper would keep everyone safe at the end, when the last Americans had been helicoptered off the roof of the embassy, leaving their friends staring disconsolately up?

Bosnia is beginning to look like a more complicated re-run. Not one boundary, but many; not one or two local rulers, but dozens, and a shared language and history with but a single thought: to get back to the fighting again. But this time the departing American force will leave the rest of us – British, French, Italian, Russian – carrying a can with an American name on it: Dayton. The Bosnian Serbs did not really accept Dayton at the time, where they were steamrollered. And they don't accept it now. And they are the largest group.

However, they are no longer the best armed. That is the Muslims: Saudi Arabia and the Gulf states will be left as their lifeline, paying for more and more American

weapons to ensure they "keep up with the Serbs". They will presumably still have with them the American firm of mercenaries which has been arming and training them against the Christians.  
WAYLAND KENNET  
(Lord Kennet)  
House of Lords  
London SW1

### Ludicrous legacy of Henry VIII

Sir: I am at a loss to understand why the Rev Peter Hawkins finds it curious that Tony Wright MP should "ridicule the Church of England's position on remarriage after divorce" (Letters, 21 July). The stance taken by the Church of England is one which invites ridicule from those of us who look for just a little logic in an argument. While Mr Hawkins is careful to draw a distinction between the (Roman) Catholic Church in England and the established Church of England, reference to Henry VIII in the context of the present debate over a possible remarriage of the Prince of Wales is far from ludicrous.

Mr Hawkins would do well to remember that the title Defender of the Faith was bestowed on Henry VIII by the Pope in Rome, for his defence of the doctrines of the Roman Catholic Church against the "heresies" of Martin Luther – many of which now inform the beliefs of the mainstream "Protestant" churches

including the Church of England. The Doctrine of Papal Supremacy, central to the Faith, brought to England by St Augustine, was ably defended by Henry VIII until adherence to it became personally and politically inconvenient.

I find it more than a little curious that 500 years after Henry VIII's act of political expediency the church, monarchy and Parliament in this country can find themselves tied in knots debating the fitness or otherwise of the heir apparent to inherit a title which must have lost any meaning at the point when the Church of England came into being.

Accepting for the purpose of this argument that the title retained any form or substance following the excommunication, or death, of its original holder, there can be nothing inconsistent in any of his heirs or successors following his example and accepting it on the basis that it is short for "Defender of those tenets of the Faith that I may, from time to time, find it convenient to uphold".  
ROSEMARY WATSON  
Walsham le Willows, Suffolk

### Moth on the Tube

Sir: The moth that E C Bradley saw on the underground recently (Letters, 21 July) sounds like a Cinnabar moth.

Found in meadows and wasteland, they appear May to July. Twenty five years ago there were a large number on a certain spot between Lymington and Dordrecht in Kent.  
HELEN SYKES  
Ashdon, Essex

### Turn a deaf ear to beggars

Sir: Being profoundly deaf myself, I read your report of the plight of the deaf and mute Mexicans who were lured to New York and pressed into begging gangs ("Slaves of New York freed", 21 July). I assumed it couldn't happen here; I attributed it to an exploitative and violent culture of a socially backward country.

However, two days later, I was having afternoon tea in a café in central London, close to Oxford Circus, when an individual entered the premises and started handing out plastic jewellery and a note to people at each table. The gist of the note was, "I am unable to speak and hear in a world of voices and music; please generously buy this trinket." I challenged him with my best (and angry) British Sign Language and he muttered "Don't talk" and slunk off.

Please do not be taken in by these people. Please do not give them any money. They are not deaf or representative of the deaf. They exploit people's pity and prejudice (deaf people are, in the main, as educated, articulate and employable as their hearing peers) and damage all that has been achieved by the deaf community in the last 30 years – including stamping out this practice.  
JOHN CONNORS  
London NW11

### Chequed out by Sainsbury's

Sir: It is not only cheques that take time to clear in this modern age (Letters, 21 July). I have recently opened an account with Sainsbury's bank.

I don't have a chequebook, but can transfer money from the Sainsbury's account to a nominated bank account. I can only transfer money to that one account, and the transfer is arranged over the telephone. In spite of this, and the fact that the transfer is a purely electronic one between the banks it still takes four working days for me to regain access to my money.

Into what limbo does it fall during this time when, apparently, neither institution is in possession of it – and neither am I?  
GRA FLETCHER  
Hayling Island, Hampshire

### Governors in disguise

Sir: With a parliament for Scotland and an assembly for Wales on offer this September, what of England? Except for talk of future regional authorities, no referendum there.

For with a parliament exclusively for the English, the "West Lothian Question" would not arise. So, is it that the government of England already sits in London – albeit clothed in the guise of the UK parliament?  
DAVID PAYNE  
Canliff

### Royal prison

Sir: May I suggest a solution to the disposal of the royal yacht Britannia. It would be ideal for converting to a floating prison, for the better class of prisoner, of course.  
HILDA CARTER  
Blenharnerch, Dyfed



## analysis

# My word, what does it all mean?

Teledildonics, affluenza, kidult ... Some of the additions to the Oxford dictionary are truly baffling. William Hartston tries to decide what they tell us about life in the Nineties

He swills lager and eats in Indian restaurants; she reads *Mills & Boon* and buys her frocks at *Laura Ashley*; and they both get about on *Rollerblades*. That, at any rate, is the picture that emerges of the average British couple of the Nineties from the new volume in the Oxford English Dictionary Additions Series (OUP, £30). With *garam masala*, *korma*, *bhaji*, *Madras curry* all washed down with a glass of *lasi*, it looks as though the compilers have decided that Indian food is here to stay. Since *Qorma* was first spotted in 1832, and its present spelling dates back at least until 1960, this is clearly a dish our lexicographers have been chewing over for some time. Even so, it has done better than *Lymeswold*, the ill-fated English blue cheese which was withdrawn from sale in 1992 and only now makes its posthumous entry in the pages of the dictionary. Another thing that went out in 1992 was *nineteen ninety-two* (which the dictionary helpfully tells us is "usu. written 1992"). It was used to designate the implications of the creation of a single European market and did not arrive until 1993 anyway.

The chaps at Oxford do seem to take their cheese very seriously, with *Cambozola* also

making its first appearance, but you cannot help feeling that they do not really like the stuff when you read their entry for *mascarpone*. Apparently, the word derives (according to C. Battisti's *Dizionario Etimologico Italiano* III, 1975) from the Latin *manuscarpere*, "to take in the hand, to masturbate". A comparison is suggested with the Southern Italian phrase *far ricotta* "to masturbate", (literally, "to make ricotta"). Perhaps it is better to stick to English foods, though the compilers seem also to have been unduly cautious about *Lancashire hot-pot* ("a dish of meat, onion and potato, resembling Irish stew") which finally claims its place 99 years after its first citation.

Back with our hypothetical couple, her *Laura Ashley* and *Mills and Boon* tastes hardly give her the cred of a true *Essex girl*. She is probably a bit of a *born-again happy-clappy* in her spare time. Hardly the sort of *badocious* object to induce a *feelgood factor* in our *lager laut* dreams. No wonder that the Oxford lexicographers have decided to add another definition to those already existing for the word *marriage*. It is now also "an antique object assembled from components differing in provenance, date, etc".

While there is no surprise at

seeing such neologisms as *chaology*, *post-structuralism*, *log-on*, *e-mail* and *cyberspace* claiming their places in the dictionary, there is also a large number of entries which have evidently been around for a long time (often in medical text-books) but which have only now been deemed worthy of reaching a wider audience. Since we are all so much more comfortable nowadays with talking about our formerly vulgar, bodily parts, we are permitted at last to gaze upon the words *anococcygeal*, *anogenital* and *anorectal* (whose first citations date back to 1881, 1909 and 1884 respectively) without feeling guilty. Of the other words beginning with "ano", it is good to see *anorak* listed with its modern meaning: "slang (derog.) A boring, studious or socially inept young person." This is evidently more derogatory than *train-spotter* which is "a person who enthusiastically studies the minutiae of any subject: a collector of trivial information".

I have always wondered, incidentally, how lexicographers decided whether something is "derog." or "usu. derog." I am reminded of a recent dictionary of American slang which listed the phrase "bald-headed chicken-fucker" as "usu. derog." In the new Oxford volume, the only *usu. derog.*

expression I have so far found is *bag hag*.

Quite apart from the new words, it is good to see so many old words making a comeback. There is a splendid sense of lexicographical anachronism seeing the ancient *Molly-house* (a public house, tavern or private house used as a meeting place by homosexual men), and *fly girl* (a lewd or sexually promiscuous young woman, esp. a prostitute) jostling for space alongside Stella Gibbons's 1932 invention of *mollocking* (having sexual intercourse) and the modern *body-ripper* (dating back to 1980) and *G-spot* (1982).

Perhaps the most up-to-date reference of all, however, comes under the word "labour", where we are told: "Delete *Now rare* and add later examples." They are talking, of course, about the verb "to labour".

All in all it is a jolly good read, and it is good to see *kindly* finally gaining its place more than 40 years after Webster put it in his dictionary, but with *road-kill* and *squeegee bandit* in, and *road rage* still waiting on the pavement, and so many old words included through an apparent change of policy, this will be a disappointment to anyone looking primarily for a snapshot of our language in the late 1990s. Here, however, is a selection of words that do add up to a fair summary of our times:

## Forty words of our time

**affluenza:** a psychological malaise of the rich, inducing symptoms of guilt and isolation.

**alterate:** able to read, but unwilling to do so.

**backscatterfullerene:** a stable form of carbon whose 60 carbon atoms form a structure similar to the geodesic dome of the architect Buckminster Fuller.

**contragestion:** form of birth control effected after fertilization.

**cryonics:** deep-freezing the bodies of the dead in the hope of unfreezing when a cure was been found for whatever killed them.

**daisy chain:** a group of dealers who agree to trade amongst themselves in a commodity (usually crude oil) to inflate the price.

**denest:** to sell a book at a price lower than that fixed under the Net Book Agreement.

**dinotruth:** disturbance of layers of sediment by dinosaur trampling.

**edutainment:** educational entertainment.

**electroretinography:** measuring eye movements through electrical activity in the brain as a diagnostic tool.

**footballer:** a roughly spherical structure formed by 12 pentagons and 20 hexagons - rather like a football.

**hypercard:** in the 1970s, a trick playing card for magicians; in the late 80s, a combination database and AI tool for computing.

**kidult:** television programme or film intended to appeal to all ages.

**lagerphone:** a percussion instrument consisting of beer-bottle tops jangled on a long pole.

**lat spread:** a body-building pose in which the latissimus dorsi muscles are stretched.

**laughter:** a game (especially baseball) so easily won as to be absurd.

**leaderese:** originally a jocular name for Margaret Thatcher, now any female leader, especially a formidable one.

**lexigram:** a set of symbols representing words, especially those used in the

investigation of language acquisition by chimpanzees.

**libero:** a soccer player who ranges across the field as a last line of defence.

**lithotripter:** a machine used as an alternative to invasive surgery to generate ultrasound waves and focus them on a chosen site in the body.

**magalogue:** a promotional catalogue designed to resemble a glossy magazine.

**maldeployment:** inefficient deployment of manpower or resources.

**Marquake:** an earthquake of Marx.

**mechatronics:** a combination of mechanical engineering and electronics (especially with reference to Japan).

**mediagenic:** popular with the mass media.

**mellowspeak:** Bland language associated with psychotherapy and New Age philosophy.

**memex:** a self-replicating element of culture, passed on by imitation.

**me-too:** used of a product

(especially pharmaceutical) designed to emulate another which has already been commercially successful.

**milliprobe:** an instrument for analysing small amounts of material.

**Ossi:** in post-reunification Germany, a citizen of the former German Democratic Republic.

**paintball:** a war-game in which participants fire balls of bright paint at each other. One stain and you're dead.

**pladome:** a system formerly operated in certain children's homes whereby children considered difficult to deal with were placed in solitary confinement for long periods.

**teledildonics:** the proposed use of virtual reality to mediate sexual interaction between computer users operating in different places.

**teraflop:** a unit of computing speed equal to 1000 gigaflops.

**terraforming:** transforming a planet into one sufficiently similar to Earth to support terrestrial life.

**trophy wife:** a wife regarded as a status symbol for a (usually older) man.

**Wessi:** in post-reunification Germany, a citizen of the former Federal Republic of Germany.

**zaitech:** investment by a company in financial markets as a means of boosting its earnings.

**zoak:** a style of popular music from the French Antilles characterised by a strong fast beat.

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Offer also applies to spouses

## The Booker that's stranger than fiction

Beginning today! Exclusive extracts from this year's Booker Prize Novel! And it's not the Booker Prize winner we're talking about - oh no, it's the world's first ever novel about the Booker Prize!

Novels on the Booker short list may be worthy and serious and respectable, but this one's different! It's about the murky, power-mad world of the Booker Prize itself, so it's got to be exciting and raucous and thrilling and, dare I say it, sexy!

So here we go then with the opening extract from *The Battle for the Booker* by Arnold Feeney. Hold your seats!

"Giulia?" snarled Lord Booker into the intercom. "Get me Bragg on the phone. And make it snappy!"

"What's it about?" said Giulia.

"It's about the Booker Prize," said Lord Booker. "I'm taking it away from the BBC and giving it to Channel 4."

"Are you indeed?" said Giulia, looking down at Lord Booker. "I didn't even know that Channel 4 had written a novel."

There was a pause. Was Giulia making fun of him? Lord Booker had many talents, but knowing when he was being made fun of was not one of them. After all, when you are the head of a huge international company and have a literary prize named after yourself, you



Miles Kingston

don't really expect people to make fun of you.

Least of all the BBC.

"I get the feeling that the BBC has been taking the mick out of me these last couple of years," said Lord Booker heavily. "They keep getting these judges, like Germaine Greer and Howard Jacobson, who actually criticise all the books on the list. Say they're unreadable and pretentious. Make fun of them. In public!"

"As a matter of fact, have you read any of the books on

the last two short lists, sir?" enquired Giulia smoothly.

"I've tried a couple," grumbled Lord Booker, "but I couldn't get far. Too bloody pretentious and unreadable. Anyway, that's not the point. The point is to get Bragg on the phone and ask him if he'll take over the presentation. Or perhaps we ought to get Birt on the phone first."

"Bert who?" inquired Giulia.

"No, no, get Bragg first," said Lord Booker. "Better set up the new chairman before we shoot the old one."

Giulia paused for a moment before she left the room, so that we have a chance to describe her in more detail.

If this novel were being written by a man, we would say that she had slim hips and full, imperious breasts. If, however, this were being written by a female novelist, we would know that physical attributes attractive to the petty lusts of men do not necessarily tell you much about character, so we would simply record that Giulia had a look about her which told

you that she knew much more about men than men would wish her to know about them - if they noticed, which is doubtful.

As, however, this novel is being written by a Post-Modernist committee of two men and two women masquerading as Arnold Feeney, we shall say that everything about Giulia was ambivalent. Even her name was ambivalent ...

A reader writes: *What's ambivalent about her name?*

Arnold Feeney writes: Well, her real name is Julia, but she chose to spell it the sexy Italian way.

A reader writes: *That's nonsense. You can't spell the same name in two different ways.*

Arnold Feeney writes: Of course you can. I have already spelt one word two different ways in this novel and you never noticed that.

A reader writes: *Oh, yeah? Which word?*

Arnold Feeney writes: "Inquire" and "enquire". Blimey, so you have *Touché*. OK, carry on! More of this Post-Modernist thriller tomorrow.



## Labour must save the people, not their marriages

G otchal Or so the *Daily Mail* thought. The Lord Chancellor, it reported, has thrown his weight behind a government initiative to strengthen marriage. And this from a man who famously stole the wife of a cabinet colleague, Donald Dewar. What's more this pro-marriage initiative is revealed in a week when Clare Short... oh, forget it.

Well, is it a Back to Basics fiasco all over again? Not quite. It wasn't Lord Irvine's initiative at all. In all the pre-election noise of mid-March, an announcement from the then Lord Chancellor went entirely unreported. In almost his final act, Lord Mackay handed out £500,000 to 13 pilot projects "with the potential to reduce the incidence of marriage break-down... I am confident that all of them will make valuable and effective contributions."

His curious choice of marriage-saving projects includes some that are distinctly bizarre. Take, for example, the grant to "A media campaign to change the culture of marriage" run by a Christian group called Marriage Resource. Media-wise they are not. (They had not heard of Melanie Phillips, whose lone voice calls for a moral revolution in her every column.)

I asked the organiser, Richard Kane, what change he had in mind. "Oh, a total cultural shift!" he said with fervour.

"We're going to run a campaign to change attitudes, like the Clunk Click campaign for seat belts." Clunk click, married in handcuffs? So how will they launch this on the media? Their grant is for radio advertisements featuring scenes like these: "He: Darling, I'll do it! She: Don't you dare, darling... He: Oh, but I will, darling. She: Darling, that is the prize piece from our wedding dinner set... without it the collection would be... (FX smashing sound!)... Worthless!!!! Voice Over: Why the irrational behaviour? Why is she acting like this? What is the problem? Is it something he said? Is it something he hasn't said?... If you'd like to know more about how to make your marriage work call 0171 516 0898 and we'll send you a useful information pack."

Where are these ads going out? Premier Radio, the London Christmas radio station with, not surprisingly, the smallest audience, 0.5 per cent of listeners. This must be one of the strangest government grants ever. What's more, Marriage Resource also won a second grant of £75,000, to launch National Marriage Day - the mind boggles. Half the grants were given to Christian groups, reflecting Mackay's own Wee Free beliefs.

Some of the projects are eminently sensible - a new national helpline run by Relate, an all-black counselling service in Brixton by London Marriage Guidance, and a scheme to train health visitors to spot post-natal depression and marital tension in new mothers. Others are well-meaning but dotty - the Christian group offering pre-marriage courses for couples who do not marry in church. (They hadn't had any takers yet when I called, but were leaving leaflets in libraries and GPs' surgeries.) By the time Lord Irvine took office, these grants had been disbursed - so it is hardly his fault.

So far, this Government has been breezily



**Polly Toynbee**  
So far, the Government has been breezily free of the moralising that it toyed with before the general election

Gone is all that Tory preaching which thinly veiled the nakedness of their policies: instead of family values, we have a national child-care strategy (or at least the embryo of one). But some relics of the old regime remain. Lord Mackay's quaint view that marriages are made in heaven and can be "saved" like lost souls is enshrined in the language of the new divorce law, with its paradoxical talk of preserving family life. This will force all couples to attend an "Information Session" when they first sue for divorce. What will that consist of? Five trial versions have just begun, testing out one-hour sessions. Since the trials are voluntary, they will only reflect those already amenable to advice. This whole new lumbering apparatus, offering counselling to every divorcing couple, may turn into a very expensive and patronising national joke.

After all, how many divorces could have been "saved" with a spot more information? Would a "How To Make Your Marriage Work" information pack have helped Charles and Diana? Would pre-marriage counselling have saved Doreen and Martha from one another? Clunk Click: they were all locked together or "saved" as Lord Mackay would have it.

It's not that marriage guidance is a waste of time - as Relate's long waiting lists testify. "Non-prescriptive", Relate doesn't urge people back into marriage, but often helps them separate. The point is how much better they feel, not whether more couples stay together.

There is still time to change Mackay's divorce law, scrap compulsion and give the money saved to cash-strapped Relate, where couples are queuing up to go of their own accord. As for compulsion, well, "Come in Mr Bluebeard, do sit down. Now have you ever considered Marriage Guidance?"

free of the moralising they toyed with before the election. The flirtation with Etzioni's communitarianism seems to be over, with its odour of lace-curtain moral vigilantism. When another bit of dirt was flung at Clare Short last weekend, how refreshing that official sources simply said "This is a private matter" and reported the Prime Minister to be "relieved" about sexual allegations. "He is very tolerant about what goes on in people's private lives providing it does not impact on their jobs." And that is an end to the matter. Apart from a stream of abuse from Lynda Lee Potter, contrasting oddly with her same-breath gushing over philandering power-maniac James Goldsmith - "charming, irresistible, worthy of much respect" - the Clare Short story did not fit because the Government does not care. Blair has no back to Basics bona fides to slip on. Does this mean the death-knell for dirty politicians?

How times have changed when Chris Smith can stand up at the Gay Pride rally, proclaim the right of gays to love one another and deliver a message of support from the Prime Minister. Even Jack Straw's critics have had to admit there has been not a finger-wagging word about bad parents, curfew and squeegee merchants as he gets down to the real problems of crime and punishment. Single mothers have been offered help instead of abuse.

This opera-noise business is

nonsense. In case you missed the first points, let me recap South Oxfordshire district council is prosecuting Garsington Opera (run by Richard Ingrams's brother

Leonard) for breaching noise levels as laid down by its entertainment licence. They did the same thing in 1995, and the opera was fined £1,000, but the fine was overturned by Oxford Crown Court, and legal costs of £60,000 had to be paid from central government funds. The difference this time is that local residents such as Ms Waud have decided on direct action: hence the *scherzo* of strimmers, the Flynno brass section, the *cacophony* of honking car-horns and the *clamor* *sostenuto* of single-engine planes droning overhead...

It's a bad-tempered dispute deep in the heart of civilised, rural opera-land. And, much as I try, I can't sympathise with the lawn-mowing tendency. When I was young, we lived on Battersea Rise, the noisiest bit of the South Circular Road. To get to sleep you had mentally to come to shut out the racket caused at 3am by a dozen Belgian juggernauts changing gear as they wheezed uphill towards Clapham Common, making the bedroom shake. When I lived in Brook Green, Hammersmith, I'd be woken by the coltish laughter of two dozen St Paul's schoolgirls playing tennis in abbreviated virginal tunics (or was I dreaming?) while the onset of nightfall meant the saxophonist at No 82 would practise the only tune he knew, 'Harb Alpha'. 'This Guy's In Love', although he could rarely get past the first five notes (which are, of course, all the same note). In Putney, it was the neighbour who played her favourite song, Minnie Riperton's 'Loving You (Is Easy Cause You're Beautiful)' over and over again, until you felt like throttling her with a pair of the late Ms Riperton's tights. In Camberwell, it was the Afro-Caribbean rap artist whose snarly vocals blared across from next door's window whenever I was dead-headed the petunias. These days, in neighbouring Dulwich, all I have to fear are the late-night strains of 'The Patriot



Cutting edge: Richard Strauss and a new addition to the brass section at Garsington

Leisurely remark of the week came from Monica Waud of Garsington as she explained why she felt it necessary to mow the grass at 8 o'clock at night, just when the orchestra next door was gliding into Haydn's *Le pescatore*. "My garden is in the National Garden Scheme," she said. "I always cut my lawn in the evening, as I work full time." Well of course you do, and on into the night as well, I expect, guided by the fiftieth light of glow-worms. And it's probably from nothing more than sudden *jolie de vivre* that Ms Waud directed her boyfriend, an orthopaedic surgeon, to circle the roof of the nearby opera house in his light aircraft, just as *Così fan Tutte* was getting under way...

And should a procession of Irish builders, bearing Kango hammers and road drills, suddenly appear, in the gloaming, down the lane that separates Ms Waud's handsome Georgian home from Garsington Manor, as the three sopranos are doing one of the quiet bits of Richard Strauss's *Die Ägyptische Helena*, I expect Ms Waud will explain that a Catholic ruling straight from the Vatican forbids them from digging up the Oxfordshire greensward before sundown.

This opera-noise business is nonsense. In case you missed the first points, let me recap South Oxfordshire district council is prosecuting Garsington Opera (run by Richard Ingrams's brother



Winterson: book lover

Game" and "The West's Awake" and a flood of glibulous Irish-rebel sentiment played on next-door's hi-fi, which makes the living-room party wall vibrate with drunken melancholy after 11pm.

After such a learning curve of noise, would I mind hearing some bars of Haydn being played just a hundred yards from where I sit at fresco with a large gin & it and faithful Labrador? Could I stand the ghastly racket of Mozart's jolly *Così*, borne gratis to my ears on a summer evening zephyr? Could I hell, Ms Waud and her disobliging, opera-hating friends just don't know how lucky they are.

The second-hand book trade has gone on red alert. Yesterday morning, the dealers were innocently spreading daisies on their breakfast toast. Next moment they were listening to Ms Jeanette Winterson on the radio, celebrating the joys of second-hand book-buying as being "better than sex". Ms Winterson, who has maintained a discreet silence about her sexual preferences since the time she revealed that she used to sleep with Home Counties women in return for gifts of heavy French kitchenware, related how she discovered books young when hanging out in rummage shops, where she'd sprawl in erotic abandon and work her voluptuous way through the "stiffened boards" and "yielded cloth" of "a harem of books". (Whatever it is Ms Winterson puts in her tea, I must get some.) This relaxed approach to browsing has, it seems, stayed with her into maturity, despite riches and fame. "What am I to do?" she asked plaintively. "When I see a second-hand bookshop, anywhere in the world, I will change my plans, behave brutally to others, just to spend an hour inside it. My nostrils flare, my breath quickens, my heart pounds, my wallet opens. I cannot rest until I am alone in the farthestmost edge, wedge, ledge of the shop, great or small, lying along the

skirting-board, legs propped, reading."

Now the dealers have heard about Ms Winterson's odd compulsion, they're unsure what to do about it. "We don't encourage this sort of behaviour," said Julian Rota, of the fantastically posh Bertram Rota bookshop. "People are welcome to sit and read for an hour or so, but there is a limit. Lying by the skirting-board is not something we encourage."

Over at Bell, Book & Radnell, booksellers of Cecil Court, London WC2, James Tindley was more sympathetic. "This seems to me quite admirable behaviour. It may be uncomfortable and rather dirty in here, but there's no accounting for tastes." His reaction is mitigated by the fact that Ms Winterson is a customer of his shop, as she is at Rick Gekowski's bookshop in Pied Bull Yard, WC1. So, provided her wallet is open enough, Ms Winterson can continue the habit of eroticised, nostril-flaring, horizontal book-communing, without let or hindrance, in central London for some time to come.

The neighbours making a noise about Strauss and Haydn in civilised, rural opera-land don't know how lucky they are

**john walsh**

Boyle's revamping of the nation's most revered radio station. I can, however, offer a small insight into what has made Mr Boyle so jumpy of late. It's not the leaks. It is not the accusations of "dumpling down" the culture of Radio 4. It's the wedding.

Mr Boyle is notoriously clam-like when it comes to his family life. He regards personal inquiries as in damnable bad taste and prefers to stick to the minutiae of producer delegation. But a family event is pressing upon him. The tight-lipped Boyle is flying off to America tomorrow to attend the wedding of his eldest son Nicholas, 24, a Harvard graduate, to Mary-Louise Kelly, an Irish-American babe who works for WGBH radio in Boston. The only fly in the ointment, apparently, is the wedding protocol, which dictates that the groom's father should change into several different outfits in the course of the day's ceremonies. It is, apparently, the prospect of an early confrontation with the in-laws that has put a furrow in his noble brow. "Mr Boyle does not like being dictated to about what he wears," confirms a voice at the R4 press office. "And since you ask, oo, he will definitely not be wearing a kilt."



Boyle: reluctant to change?

This morning's papers are full of the Radio 4 shake-up. The nation's eyes are fixed on the rejigged schedules, the popular programmes consigned to *Liesners* Limbo, the hardy annuals that have been dropped, the news about the gay disco that will open its door in Ambridge in September. Actually I haven't a clue what this morning's news brings about James

## Gunboat diplomacy for the 21st century

Let's strengthen the Navy, even at the expense of the Army, argues Christopher Bellamy

The first phase of the Government's "Strategic Defence Review" is nearly complete. Never before has Britain conducted a top-down review of security policy in this way, with the declared aim of reappraising the size and composition of the armed forces to meet foreign policy objectives - some of which are now a matter of choice. A paper setting out those objectives, signed by the Foreign Secretary, Robin Cook and the Defence Secretary, George Robertson, will shortly go before the Cabinet. The Government insists the review is not a cuts exercise. But the Defence budget is unlikely to be increased - and even if it is kept at its present level, hard choices have to be made.

In an essay, "Britain sounds the retreat", published on 15 April, I looked at some of the options. Britain's air forces looked fairly safe, because of the overwhelming importance of air power in every kind of operation, from a large-scale war such as the Gulf through to humanitarian aid, and peacekeeping. Therefore, the choice boils down to one between maintaining the first-division Army able to fight high-intensity war and cutting the Navy. Or cutting back on the Army further and putting more emphasis on the maritime dimension. Because the Army is currently actively involved in Bosnia and Northern Ireland and the Navy, by and large, is not, I said that if a choice had to be made, the Army had the better case.

Maybe I was wrong. The foreign policy objectives emerging from the Government's review, stressing the globalisation of society and the need to ensure security through diplomatic means, and to protect British and European interests worldwide, begin to suggest a return to a maritime strategy. Maybe for Britain and the US, a new maritime era is dawning.

The new government manifesto leaves it little room for manoeuvre. It remains committed to Trident - the ultimate deterrent against attack on these islands with nuclear or equally horrible weapons, to collective security through an enlarged Nato, to Britain maintaining its seat on the UN Security Council, and thus to playing a prominent role in international peacekeeping. The Eurofighter project, like Trident, is exempt from the review.

The new government looks as if it will continue to ensure Britain plays a prominent role on the world stage - not necessarily punching "above its weight", as the old and overused phrase has it, but "at its weight" - which is not inconsiderable. It is clear that we cannot continue to try to do everything - only the Americans can. The Defence Review will look at areas where Britain might specialise and do what it does best. For 50 years of the Cold War, the principal concern for European countries was a land-air battle in central Europe. Navies and sea-based aircraft were sidelined, used primarily to keep open the transatlantic sea lines of communication and to protect the submarine-borne nuclear strike forces. Now they have been freed from the immediate threat of a land invasion.

Consider the world as it is now and as it probably will be in 2010. The only military threat to these islands is from missiles with nuclear, chemical or biological warheads fired by unpre-



HMS Ocean, the new commando carrier. Adrian Hughes/RN

dictable and not always rational dictators. Trident, to deter the rational, is sea-borne and needs other vessels to protect it. The best way of shooting down incoming missiles, if deterrence fails, is over the sea. A Ballistic Missile Defence system, designed to shoot down missiles fired by the irrational before they reach these islands, is likely to have a strong sea-borne component.

Another compulsory task is the defence of British civilians abroad. There are currently 10 million British passport-holders living abroad, some in very unstable places. Last month provided a brilliant example of what can happen. The *USS Kearsarge*, a 40,000-ton amphibious assault ship, pulled 2,000 foreigners out of Sierra Leone - including the British diplomatic staff. The sea not only covers 70

per cent of the planet; it is also a wonderful place to park concentrated slabs of military power. But only the Americans had the ability to carry out this operation.

Seventy per cent of the world's population lives within 100 miles of the sea. Navies are particularly good at deterring or coercing people without actually shooting them or filling their towns and villages with soldiers. Navies can "poise" offshore for a long time and provide "leverage". The role of the US Navy in heading off Chinese threats to Taiwan in the South China Sea in spring last year was a clear example of modern gunboat diplomacy. Navies can be used for keeping options open and signalling resolve. They can match the pace and tone of diplomatic activity in a unique way. Besides providing visible signals and, sometimes, neutral venues for talks, warships can also threaten to land troops anywhere along an extended shoreline. So they can tie down disproportionate numbers of land troops - the perfect kind of "preventive diplomacy" and "conflict prevention".

The neutrality of the high seas is particularly useful in delicate international situations. Last year, when the US wanted to have another go at Iraq, the Gulf states closed ranks and would not allow attacks from their territory. So the Americans launched all their strikes from the sea, with carrier-based aircraft and cruise missiles.

Why should Britain specialise in this area? Given our objectives and much of our history, it makes sense. If we want to make a real contribution to international security in the new world order, a maritime contribution would be most welcome. Very large ships, able to launch aircraft, carry significant numbers of troops and rescue lots of people, fit in very well with our future security objectives. And they are good for jobs.

If the Strategic Defence Review were not underway, newspapers would, by now, be reporting the next big equipment decision - the replacement, or not, of Britain's three small aircraft carriers, the 20,000-ton *Invincible* class, the first of which was launched 20 years ago. The Navy would like to replace them with something bigger - maybe even 40,000 tons, like the *Kearsarge* - but not necessarily more expensive. The new commando carrier, *HMS Ocean*, has been built to "commercial standards", but that does not mean it is not robust. The ending of the "gold plating" traditionally applied to military equipment is likely to be an important factor in saving money on future systems.

If we took the bold decision to revert to a more maritime-based strategy, the Army would have to be further reduced. With imagination, I believe we could preserve the British Army's hard-won expertise in first-division warfare, perhaps by reducing the £1bn-a-year armoured division (25,000 troops) in Germany to a brigade (3,000) through which units were continually passed, and the remaining equipment put in store. That way, the rest of the British Army could be restructured on a basis more suitable for Bosnia or Northern Ireland-type operations, or for rapid reaction overseas, without losing the genie kept in the bottle for use in the unlikely event of large-scale war.

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# business & city

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FINANCIAL JOURNAL  
OF THE YEAR

## Nationwide carpetbaggers sent packing

### Members reject move to de-mutualise by three-to-one majority

Nic Cicutti  
Personal Finance Editor

Nationwide Building Society yesterday dealt a crushing blow to the carpetbaggers aiming to bounce it into a stock market flotation after its members voted overwhelmingly in favour of mutualism.

More than 1.3 million Nationwide members – out of 3.5 million eligible to vote – rejected five rebel de-mutualisation candidates standing for election to its board and instead backed the society's own choice for the board by a majority of almost three to one.

The vote received the endorsement of the Prime, Tony Blair, and has provided a breathing space for a number of other building societies under pressure to give up their mutual status.

Nationwide's candidates received an average of 950,000 votes each, compared to about 350,000 for pro-conversion candidates, led by Michael Hardern, a freelance butler. Mr Hardern personally received 333,976 votes.

Charles Nunneley, chairman of Nationwide, said: "Particularly against the background of massive speculation about conversion windfalls, this election result represents a tremendous endorsement of our strategy."

Brian Davis, the society's chief executive, added: "This election has been very important in establishing public support for mutual building societies. This is a clear turning point in the debate about the value that members see in societies that wish to remain mutual."

He promised there would be no retribution against Mr Hardern and his colleagues, who had

exercised their "democratic right" to stand for election. Adrian Coles, director-general of the Building Societies Association, said: "This is a victory for the genuine member over the short-term greed of the carpetbagger. Without societies like Nationwide active as a competitive restraint on the banks, there can be no doubt that mortgages would be increased and savings rates lowered."

The BSA had feared that a victory for the self-styled "members for conversion" would lead to the final unravelling of mutual financial structures.

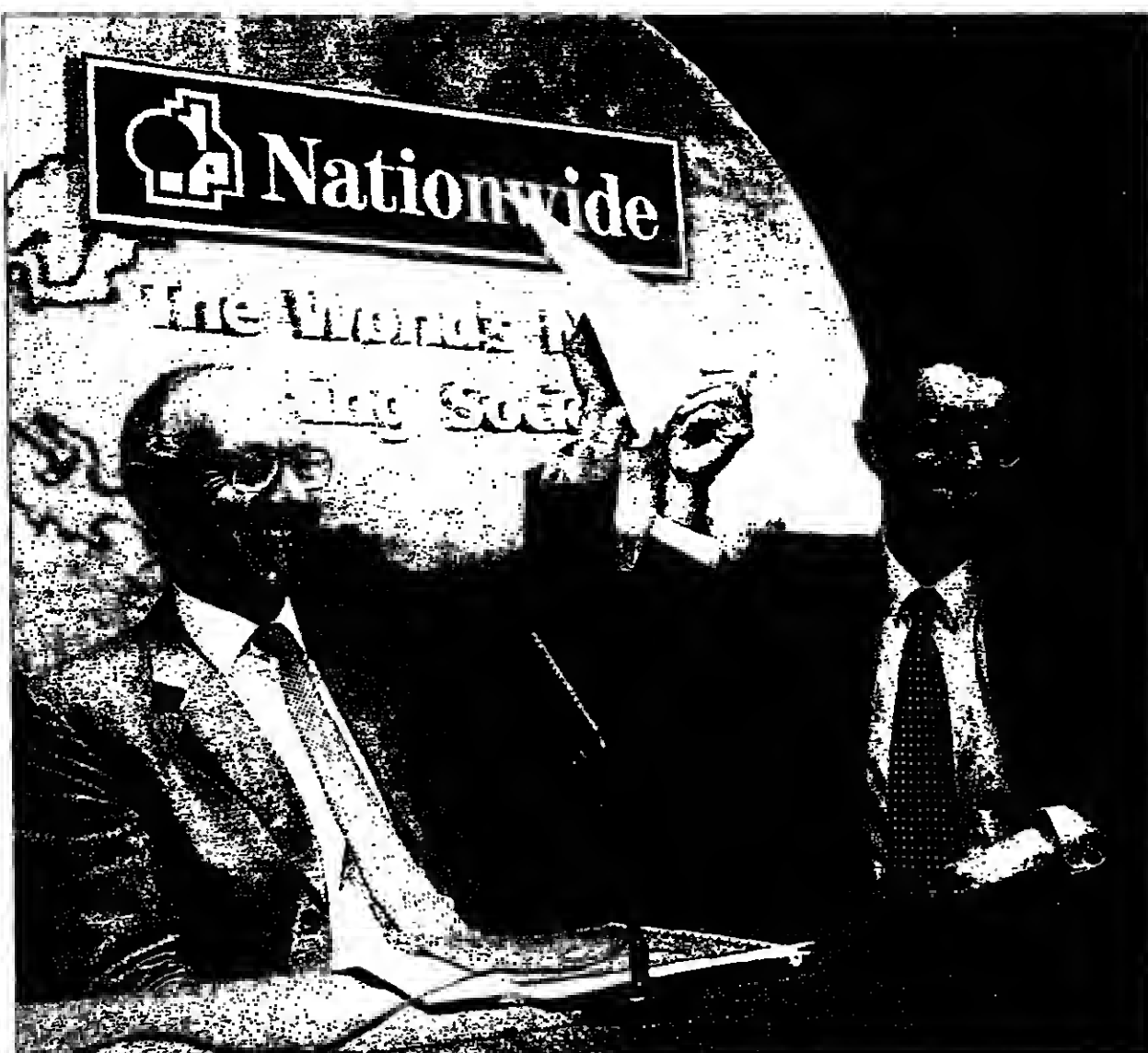
Both large and small building societies, traditionally Nationwide's bitter rivals in the battle to win savers and mortgage borrowers, joined in the general scramble to congratulate the board.

Christopher Rodrigues, chief executive of Bradford & Bingley, the UK's second-largest society, which many experts believed would be the next target for conversion candidates, said: "The majority of Nationwide members believe that the benefits of mutualism are worth preserving."

The decision of Nationwide members even received the seal of approval from Mr Blair. He said yesterday: "I was delighted to see the result and I think the right decision was made."

There were signs yesterday that building societies, many of which have been paralysed by speculators opening accounts to qualify for free shares, would seek to capitalise on the Prime Minister's support by seeking further protection against carpetbagging.

John Heaps, chief executive at Britannia, the third-largest



Charles Nunneley, the Nationwide chairman (left) welcoming the outcome of the vote yesterday alongside the chief executive Brian Davis. Some 70 per cent of members in the ballot backed the existing board. Photograph: Nicola Kurtz

society, said: "They have hijacked the inherent democracy in building societies without any thought of member or consumer interest. It would be no surprise if steps were taken to ensure that this cannot happen again – in the interest of both the consumer and healthy competition."

Mr Nunneley said yesterday that Nationwide would be campaigning through the BSA for changes in the law to prevent members being able to vote in elections and qualify for shares without an initial waiting period.

The results yesterday bring to a close an extraordinary grassroots campaign mounted by Mr Hardern and his supporters. Members for Conversion was founded by Mr Hardern after

the flotation was announced 18 months ago of Alliance & Leicester, Woolwich and Northern Rock societies, plus the takeovers of National & Provincial and Bristol & West.

Together with Halifax, almost 15 million members of those societies have or will gain average windfalls worth up to £2,000 from conversion.

Mr Hardern and his supporters campaigned for election to the Nationwide board by promising to deliver a similar payout to its members.

The vote is a triumph for Brian Davis, Nationwide chief executive. Although publicly supportive, many societies had complained he was too soft on carpetbaggers, who should have been denied the right to stand.

Comment, page 21

### Bid fears dismissed by Northern Rock

Tom Stevenson and  
Nic Cicutti

Northern Rock, the only building society currently seeking a stock market flotation, said yesterday it was confident of remaining independent as it confirmed the timetable for its 1 October deadline to convert to a bank.

The Newcastle-based building society dismissed talk of a pre-flotation bid as it announced a strong rise in profits for the six months to June, its last results announcement before it becomes a bank.

Leo Finn, managing director at Northern Rock, said: "We believe there is nobody that can run this business better than we can. There just aren't the cost savings available to make a bid worthwhile."

Mr Finn's comments came as Nationwide Building Society announced that its members had given the brush-off to the Michael Hardern-led rebels, who were campaigning on a platform of immediate conversion to a publicly-quoted company.

Meanwhile, Birmingham Midshires Building Society restated its ambivalent stance towards mutualism.

Mike Jackson, the Wolverhampton-based society's chief executive, said: "Clearly, the butler [Mr Hardern] didn't do it and the Nationwide membership have given a ringing endorsement to its mutual stance and we are pleased for the board."

Midshires was forced earlier this week to close its doors to all new accounts after being inundated with applications from potential carpetbaggers hoping to gain from a flotation or a takeover.

Mr Jackson added: "We shall wait for a few days to see if the frenzy dies down about

speculator activity. Our share account openings remain suspended. We have been consistent in never saying 'never' to anything and the board will continue to consider all the options available to itself." He added that the society was not for sale.

The smallest of the summer's financial flotations, Northern Rock forecast in its transfer document a market value of between £1.17bn and £1.33bn, which would leave it outside the FTSE 100 index. The other converting societies easily outstripped early expectations, however, so the outcome could be much higher.

But Mr Finn played down expectations that the society would use its new status to make acquisitions itself – doing so would involve waiving its own protection against takeover, which would only make sense in return for a very large deal.

Northern Rock, primarily a mortgage lender and deposit taker, said yesterday it had no intention in the short run of diversifying beyond its core activities.

Interim figures released yesterday showed a 10 per cent rise in pre-tax profits to £97m after a reduction in the society's cost to income ratio. Net retail receipts were 75 per cent higher at £531m.

Mr Finn said: "I am pleased to announce another very good set of results for Northern Rock. The strong financial performance was very much in keeping with our tradition of strong profit and asset growth and falling unit costs."

The society claims a 7 per cent share of net new mortgage lending – £794m – around 2.5 times the amount that could be considered to be its "natural" share. Northern Rock's assets rose 13.6 per cent during the period to £14.6bn.

## High street surge makes rate rise likely

Diane Coyle  
Tom Stevenson  
and Nigel Cope

The fourth increase in the cost of borrowing in as many months looked increasingly on the cards after new figures yesterday showed the highest surge in high street spending since the late-1980s boom.

The prospect of a further increase in interest rates by the Bank of England drove the pound to its highest level for more than eight years to the day of exporters. Its index against a range of other currencies leapt a full point to 106.7.

The Chancellor of the Exchequer came in for renewed criticism from City experts for having failed to crack down on windfall spending in the Budget, putting all the burden of cooling the economy on interest rates. "The Bank's policy dilemma intensifies by the hour," said Kevin Darlington at Hoare Govett.

But Eddie George, Governor of the Bank of England, backed the Chancellor. Speaking to MPs on the Treasury Select Committee, he denied that Gordon Brown's unwillingness to target the consumer in the Budget was the main reason for the recent rise of sterling. Rather, he said fears about European Monetary Union were the main cause.

"If you actually look at the timing of the upsurge... against the core European currencies, they are mostly associated with may of exporters. Its index against a range of other currencies leapt a full point to 106.7."

The Prime Minister blamed the last Government for the dilemma. "Interest rates have had to go up because the previous Government failed to take the action necessary," Mr Blair said.

Despite the interest rate fears, the stock market made gains as share prices in the US surged for a second day. The FTSE 100 index was showing a bit of "irrational exuberance," Mr George said. It ended nearly 28 points higher at 4,874.5 after Wall Street had breached the 8,100 barrier in early trading yesterday.

Official figures showed that the volume of retail sales jumped 0.6 per cent last month even though it was the wettest June for a century. This would normally have depressed sales, but with consumers receiving £20bn of free building society shares during the month, the Office for National Statistics said the windfall gains had contributed to a leap in purchases of household goods.

This rose by 7.5 per cent in volume terms, and stood 21 per cent higher than a year earlier. The increase in the past three months was, at 6.2 per cent, the

highest recorded since the figures start in 1986.

The ONS suggested that the windfalls had added an extra £150m to sales of household goods in June. This excludes spending on items like cars and holidays, which are recorded separately.

Sally Collinson of the Oxford Street Association, which represents local retailers and hotels, said sales had boomed, with windfall-related spending offsetting lower spending by tourists constrained by the strong pound. Spending had been strongest in areas such as carpets and curtains. "We think it's the windfall factor," she said.

Comet, the electrical retailer, yesterday backed up recent comments from Dixons when it said sales of televisions, hi-fi and PCs had risen significantly since the Halifax flotation at the beginning of June.

A drop in food sales kept the overall annual increase at 5.4 per

cent. Even so, underlying growth in high street sales volumes was the highest since late 1988.

There were signs in the quarterly survey by the British Chambers of Commerce that the strength of the domestic economy is outweighing weaker export orders. Both manufacturers and service businesses reported increased domestic sales in the latest quarter, and both were creating new jobs.

"Consumer spending is building momentum. Once it picks up, it takes a lot to slow it down," said Kevin Gardiner, UK economist at Morgan Stanley.

Some economists drew comfort from the fact that the value of retail sales is growing slightly faster than the volume. But even optimists conceded an increase in rates from 6.75 per cent to 7 per cent was likely, with most predicting the move after the 6-7 August meeting of the Bank's Monetary Policy Committee.

Comment, page 21

## Exports at five-year low as strong pound takes its toll

Michael Harrison  
and Nigel Cope

Export orders are at their lowest level for five years, business leaders cautioned yesterday, as a further clutch of big industrial companies warned about the impact of the strong pound on profits.

According to the latest quarterly survey from the British Chambers of Commerce, exporters are facing their worst summer since 1992 with both manufacturing and service companies feeling the pain.

"With interest rates expected to increase further, our concern is that sterling will continue to strengthen, causing significant damage to the UK's competitiveness," said Ian Peters, the BCC's deputy director-general. His comments came as four

leading companies issued warnings about the strength of the pound. British Steel said that the strength of sterling was putting profit margins under increasing pressure. Sir Brian Moffatt, chairman, criticised the Government for relying on interest rates rather than fiscal policy to curb inflation.

Conventional, the chemicals group, blamed the strong pound for its warning yesterday that first-quarter profits were "a little below" those of last year. Sir David Lees, chairman, said the rising pound was having an adverse impact both on trading competitiveness and profit translation.

De La Rue, the banknote printer, added its voice to the debate at its AGM. It said the strong pound and margin pressure in banknotes had resulted in first-

quarter operating profits falling below those of last year.

Reuters has also been savaged by sterling. Its pre-tax profits for the first half of the year were down 3 per cent to £333m compared with a 12 per cent increase at comparable exchange rates. Analysts estimated that sterling's strength had reduced first-half profits by £50m.

The BCC urged Mr Brown to speed up the introduction of the new individual savings account to encourage consumers to save windfall gains instead of spending them and reduce the pressure for higher interest rates.

But the Trades Union Congress said that the Government could take the pressure off the pound by indicating that it was considering entry to the single currency at a "realistic and competitive rate of DM2.50".

## Boeing deal gets last-minute OK from Brussels

Katherine Butler  
Brussels

Brussels cleared the \$15bn merger between Boeing and McDonnell Douglas yesterday, averting a transatlantic trade war at the eleventh hour.

The merger plan won preliminary approval from the European Commission after the competition commissioner, Karel Van Miert, extracted last-minute concessions from Boeing.

French political leaders, worried that the merger could dev-

supply contracts with airlines for the next 10 years and forcing the company to drop the exclusivity deals already signed with three American airlines.

The climbdown paves the way for the creation of the world's biggest aerospace and defence company and strengthens Boeing's position in the civil aviation market against that of Europe's Airbus Industrie, the US giant's only rival.

French political leaders, worried that the merger could dev-

astate the French aerospace sector, which is dominated by Toulouse-based Airbus, made it clear they were not satisfied with the concessions.

EU officials, however, expect the clearance will galvanise Airbus's partners, including British Aerospace, which has a 20 per cent stake, into pressing ahead with their own plans to transform the consortium into a single commercial entity.

Mr Van Miert said he was happy to recommend the deal.

"We insisted right up to the end we would block it if Boeing had not agreed to make changes. We got the remedies we wanted," he said.

The Commissioner admitted his office had been bombarded by callers from both sides of the Atlantic seeking to exert political pressure but insisted the case was at all times treated purely on competition grounds. In a thinly veiled criticism of President Bill Clinton, Mr Van Miert said he had been astonished to

hear US calls for the competition dispute to be referred to the World Trade Organisation as Washington had previously rejected EU calls for a competition arbitration forum to be set up alongside the WTO.

Boeing's chairman, Phil Condit, welcomed the positive recommendation from the Commission, saying Boeing had given ground to Brussels' demands for concessions because EU approval for the merger was in the long-term interests of its

shareholders, customers, suppliers and the 200,000 employees of Boeing and McDonnell Douglas.

He said the EU should have deferred to the US Federal Trade Commission, which approved the merger last month without conditions. But he conceded: "Had we proceeded without the approval of the European Commission we would have potentially faced large fines and potential harm to our customers."

## Ecclestone fuels F1 float doubts

Nigel Cope  
City Correspondent

Bernie Ecclestone, chief executive of Formula One Holdings, has admitted that he considered abandoning the flotation of the Grand Prix group after being "startled" at the way the City operates.

However, amid complaints about the City's "over-indulgence in process" which ran contrary to his entrepreneurial style, he re-affirmed his commitment to an initial public offering as his preferred course of action, though he would give no guidance on when the flotation would take place.

He also confirmed his backing for Salomon Brothers, the US investment bank which has been advising the float, saying it remained the exclusive financial adviser to the company.

A statement issued through Mr Ecclestone's legal adviser, Stephen Mullens, said: "In consultation with the financial adviser Salomon Brothers, my client has considered a number of alternatives. An initial public offering is my client's preferred course of action and progress is being made in preparing the company for flotation. No deci-

sion has ever been made with respect to timing. An announcement will be made in due course."

The commitment comes in spite of Mr Ecclestone's apparent frustration with lengthy City meetings which he felt were "not deeply productive".

The public backing of Salomon Brothers is designed to end speculation that BZW and SBC Warburg were trying to muscle in on Salomon's position as exclusive financial adviser to the float. Though both are part of the 18-strong syndicate of banks that is underwriting the float, any suggestions from BZW, SBC Warburg or any other banks will be evaluated by Salomon.

The backing comes after Salomon last week threatened to remove BZW from the syndicate after claims that it had been working on a proposal that would have involved BSKyB taking a stake in Formula One. Last week, it also emerged that SBC Warburg had been asked to look on certain options available to Mr Ecclestone.

Plans for the flotation of Formula One, which is owned by family trusts of Mr Ecclestone's wife, first emerged in March. Comment, page 21

| STOCK MARKETS |      |       |            |  |  |        |  |  |  |
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Source: FT Information

| INTEREST RATES |         |         |         |        |        |        |        |         |         |
|----------------|---------|---------|---------|--------|--------|--------|--------|---------|---------|
| Index          | 1 Month | 3 Month | 6 Month | 1 Year | 2 Year | 3 Year | 5 Year | 10 Year | 30 Year |
| UK             | 6.75    | 7.34    | 7.00    | 7.88   | 7.03   | 8.00   |        |         |         |
| US             | 5.50    | 6.00    | 6.25    | 6.78   | 6.57   | 6.97   |        |         |         |
| Japan          | 0.59    | 0.78    | 2.28    | 3.30   |        |        |        |         |         |
| Germany        | 3.06    | 3.31    | 5.54    | 6.39   | 6.30   |        |        |         |         |

| MAIN PRICE CHANGES |        |        |          |               |       |        |          |       |       |
|--------------------|--------|--------|----------|---------------|-------|--------|----------|-------|-------|
| Index              | Price  | Change | % Change | Index         | Price | Change | % Change | Index | Price |
| BOC GP             | 1141.5 | 69     | 6.4      | BC            | 241.5 | 8.5    | 3.4      |       |       |
| Pyl & Sun All      | 508.5  | 29.5   | 6.2      | Gwynedd Int   | 202   | 7      | 3.3      |       |       |
| Croda Int          | 293.5  | 13     | 4.6      | Telewest Comm | 87    | 3      | 3.3      |       |       |

| CURRENCIES  |         |              |            |            |         |              |            |       |       |
|-------------|---------|--------------|------------|------------|---------|--------------|------------|-------|-------|
| Index       | Close   | Day's change | Change (%) | Index      | Close   | Day's change | Change (%) | Index | Close |
| \$ (London) | 1.8812  | +0.002       | 1.5542     | £ (London) | 0.6948  | -0.16        | 0.6434     |       |       |
| \$ (NY)     | 1.8820  | +0.002       | 1.5520     | £ (NY)     | 0.6845  | -0.11        | 0.6432     |       |       |
| DM (London) | 3.0720  | +3.250       | 2.3121     | DM (NY)    | 1.8273  | +1.480       | 1.4877     |       |       |
| ¥ (London)  | 184.719 | +¥0.007      | 167.879    | ¥ (London) | 115.625 | +¥0.21       | 108.020    |       |       |
| ₹ (India)   | 106.5   | +0.9         | 85.0       | ₹ (India)  | 104.5   | +0.3         | 86.1       |       |       |

| OTHER INDICATORS |        |              |            |            |       |              |            |       |       |
|------------------|--------|--------------|------------|------------|-------|--------------|------------|-------|-------|
| Index            | Close  | Day's change | Change (%) | Index      | Close | Day's change | Change (%) | Index | Close |
| Oil Brent        | 16.49  | +0.47        | 19.07      | RPI        | 197.5 | +2.90        | 1.50       | 12.40 |       |
| Gold             | 324.00 | -4.00        | 364.20     | GDP        | 111.8 | +3.10        | 108.4      | 26.34 |       |
| Gold E           | 192.72 | -2.50        | 247.33     | Base Rates | 6.75% |              | 6.75       |       |       |





In the Nationwide vote, we have probably witnessed the first significant backlash against the carpetbaggers. It is plainly neither moral nor justified for these people to be able to whip in at a moment's notice and share in the spoils of conversion.

## At last, a building society that puts up a fight

Geoffrey Robinson, Paymaster General, could have been speaking for the previous government when he said recently that building society conversions were a matter for market forces and society members. In attempting to wash the new Government's hands of the matter, he profoundly misjudged both the mood of the country and the needs of that dwindling band of building societies which has chosen to resist the stampede, as yesterday's overwhelming vote for mutualism at the Nationwide amply demonstrates. Brian Davis and his board have won a clear mandate as they come against conversion, but without action the carpetbaggers will be back. The vote could so easily have gone the other way, and may still do for others. The Government must act, and act swiftly.

To be fair to Mr Robinson, he's hardly alone in failing to spot the growing backlash against the likes of Mr Hardern. Nearly everyone believed the Nationwide would fall, incredible though the state of pro-conversion rebels seemed. Nobody could quite believe members were going to look a gift horse in the mouth and turn down the chance of free shares. How wrong they were. So what's really happened here?

People often forget that the Nationwide building society used to be called the Co-operative Permanent and it is still stuffed full of Old Labour, thoroughly decent and boocourable types. Plainly there's more to it than that, however. This is really the first time members have had an opportunity to hear something different. Other building

societies have caved in and failed to put the case against conversion. Nationwide argued it in compelling and forthright fashion.

In the Nationwide vote, we have probably also witnessed the first significant backlash against the carpetbaggers. It is plainly neither moral nor justified for these people to be able to whip in at a moment's notice and share in the spoils of conversion. Building society membership should carry certain duties of trusteeship, for members are in effect guardians of assets built up over generations. It seems quite wrong that feeless, disloyal carpetbaggers should be allowed to nip in in this way and steal the family silver.

The Government's starting point, therefore, should be to invest in membership certain duties of loyalty and longevity. This could easily be done, as Mr Davis and others point out, by introducing a five-year qualifying period for membership. The hatches could be further battered down by reversing the ill-thought-out Building Societies Act, rushed through by the last government in its dying moments, which gives all building society depositors equal rights of membership. The old distinction between long-term savers and short-term hot money might reasonably be reintroduced so as to make membership a reward for loyalty.

Another useful reform would be to up the level of support members need to stand for election from the present 50 to 500 or more. This would prevent a repeat of frivolous and disruptive campaigning like Mr Hardern's. Building societies obviously do still have

an important and constructive role to play in the provision of financial services, helping to ensure a more vibrant and competitive market place than would exist in a world populated only by banks. It is a tribute to Nationwide's members that they were prepared to vote for the public good over narrow self interest. Perhaps New Labour might learn a thing or two from them.

### The economy needs to cool down gradually

No shopping spree is ever for free and the one caused by the £38bn in shares from converting mutuals is fast coming home to roost. Unfortunately, it is industry that is being forced to pick up the tab.

Yesterday's figures for high street sales were uncomfortably upbeat and undeniably back to boom levels. They did not even include some of the goodies the windfall money is likely to be spent on, such as cars and holidays. Nor are the windfalls the only consideration. Wages are rising faster than prices, job vacancies are at the highest levels in recent memory, and the strong pound is boosting spending power on imports.

For the time being, home demand seems strong enough to offset falling export orders. The British Chambers of Commerce Survey was presented as a tale of struggling exporters, but the detail showed higher turnover, new job creation and skills short-

ages in both manufacturing and services. This presents a policy dilemma in the sense that raising interest rates to cool the domestic economy is driving the super, soaring pound ever higher. There has not been an appreciation of sterling on this scale since 1981, and we all know what happened to industry then. In another sense, though, there is no dilemma. If the economy is expanding fast enough to run the risk of higher inflation, it needs cooling down. The bigger the boom is allowed to grow, the bigger the bust that will follow.

Contrary to popular belief, both levers of macroeconomic policy, monetary and fiscal, are already being applied, a tight Budget and rising interest rates. Unfortunately, the UK is the only big economy in this position. The US is the only other country where growth is buoyant, but Alan Greenspan's testimony this week has made the prospect of higher rates across the Atlantic remote. The reaction of the foreign exchanges means that British exporters must pay for the windfall-financed shopping boom.

This does not mean that the cost of borrowing will have to climb all that much higher. The Bank of England is likely to opt for a quarter-point increase in the next month or two, but it will proceed cautiously. As Martin Weale, head of the National Institute of Economic and Social Research, explained to MPs earlier this week, running the economy is like taking a shower. If you find the water is too hot, you reduce the temperature. But there is a danger of turning the

taps too far, too fast, and before you know it your shower has turned cold. The latest figures point to the need for another notch on the dial, but the trick is to turn gradually.

### Ecclestone's formula for clarifying issues

Bernie Ecclestone, or to be more precise this lawyer, helpfully decided to put the record straight yesterday about the on-off flotation of Formula One Holdings. Yes, a public offering remains the preferred course of action and, yes, Salomoo Brothers remains Mr Ecclestone's exclusive financial adviser.

Considering this was Mr Ecclestone's first formal statement on the matter and considering the mountain of speculative press coverage his plans have attracted, it was a masterpiece of non-clarification. What's more, no sooner had the faxes stopped whirling than Bernie was back in the chair, confiding to the *London Evening Standard* that he still thought about calling the whole thing off and placing financial advisers somewhere beneath used car dealers in the evolutionary chain.

Given the extraordinary antics of the investment banking community as it has fought to win the FOH mandate, Mr Ecclestone's disaffection is understandable. Perhaps he should forget about a listing and stick to the more sedate and altogether less cut-throat world of motor racing.

## End to Guinness and GrandMet deadlock in sight

Andrew Yates

Signs that an end may be in sight to the deadlock surrounding the £230m merger between Guinness and Grand Metropolitan started to emerge last night, just as Bernard Arnault, the combative French head of LVMH, flew into the UK intent on scuppering the deal.

John McGrath, chief executive of GrandMet, gave the biggest hint yet that the UK drinks group would be prepared to negotiate a deal with Mr Arnault. His remarks came just 24 hours after Mr Arnault further muddied the waters by mounting a £600m stock market raid on GrandMet's shares, taking his holding to 11.05 per cent, and simultaneously reducing his investment in Guinness from 14.2 to 12.46 per cent. Mr Arnault has spent more than £1.4bn on GrandMet shares in the past month.

However, Mr McGrath remains opposed to Mr Arnault's tabled plans to form a £15bn wines and spirits business, comprising Moët Hennessy, part of LVMH, the LVMH business owned by GrandMet and the United Kingdom's Guinness. The two UK drinks groups

are set to formally reject these plans within the next week.

GrandMet is unwilling to sell off its Burger King and Pillsbury food manufacturing operations to facilitate a three-way merger. However, GrandMet would consider alternative proposals to split Moët Hennessy into two. The merged Guinness and GrandMet, to be known as GMG Brands, would control the Hennessy cognac business and LVMH ownership of the Moët champagne operation.

"GrandMet and Guinness would not say no to the idea of acquiring the champagne business of Moët Hennessy and giving up their cognac side. We would also be giving Mr Arnault a stake in an unquoted business within GMG Brands incorporating Moët Hennessy and our spirits business," Mr McGrath said.

Mr Arnault's acquisition of shares in GrandMet increases his leverage and is a way of putting pressure on the negotiating table again. It is our clear intention to find some kind of settlement between the sides. We are completely open-minded to notions that create value for all shareholders. But Moët Hennessy is not strategically

vital to GMG and our merger can continue with or without it. We are still analysing Mr Arnault's proposals carefully but it still appears they are not acceptable to us. We would not demerger any of our businesses in the foreseeable future," he added.

Mr Arnault has stepped up the pressure on GrandMet and Guinness to return to the negotiating table by arranging a series of meetings, beginning today with big shareholders in the UK companies, to outline his alternative proposals. He flew into London last night to have dinner with B2W, his advisers, ahead of the meetings.

"We are arranging some informal meetings with institutions and analysts which have expressed an interest in meeting Mr Arnault. But we are not likely to bring any new information to the table."

However, GrandMet's and Guinness's institutional shareholders are unlikely to be moved by Mr Arnault's proposals unless he significantly reduces his demands to have a 35 per cent stake in the combined spirits group.

"The proposals put forward by Mr Arnault are clearly not acceptable," an institution said.



Lunchtime bash: Office workers from Broadgate in the City of London yesterday took part in a mock 'Gladiators' competition to help raise money for CARE, the international relief agency fighting poverty in 63 countries. Photograph: Keith Dobney

### IN BRIEF

#### Tesco moves into personal finance

Tesco yesterday launched its Tesco personal finance currency service with a new Visa credit card, travel insurance and foreign currency services as well as plans for the introduction of in-store branches. The Visa card has an APR of 12.9 per cent rising to 16.9 per cent after six months. Tesco travel money offers currency up to £2,500 by telephone, delivered to the customer the next day. Meanwhile, Sainsbury's has launched a mortgage offer with a variable interest rate of 7.9 per cent on mortgages of less than 75 per cent of a property's valuation. The rate is 7.45 per cent on loans of less than 75 per cent of property valuations. The rates compare to the Halifax standard variable rate of 8.2 per cent.

#### SIB approves Stock Exchange shift

The Securities and Investments Board has approved the London Stock Exchange's proposals for publication of trades under the new order-driven trading system, SETS, which is due to start on 20 October. SETS marks a shift to a market - initially only in FTSE 100 index stocks - where prices are set by operators posting buy and sell orders, rather than by market makers quoting two-way prices.

#### Three areas get electricity choice

The first areas of the country where households will be allowed to shop around for their electricity supplies will be Norwich, Canterbury and Hull, the industry watchdog Ofgas announced yesterday. Around 700,000 households in the three cities will be able free to choose a supplier from April next year. The rest of the country will be progressively opened up, based on postcodes in the 12 regional electricity areas.

#### BNFL to work on US plutonium

The US has asked British Nuclear Fuels to help convert its surplus weapons-grade plutonium into fuel for use in civil nuclear reactors. BNFL's American subsidiary will project manage a scheme to turn the plutonium into MOX fuel using expertise it has developed at a demonstration facility at the Sellafield site which goes into commercial production next year. BNFL could build a similar plant in the US.

#### ScottishPower in line with expectations

ScottishPower's trading activities in the first three months of the current year have provided results in line with expectations, Murray Stuart, chairman, told the annual general meeting. The company is aiming for a 15 per cent share of the UK electricity market and 12 per cent of the gas market in the three regions in which it operates by the year 2000. The Manweb and Southern Water acquisitions are enhancing shareholder value ahead of ScottishPower's original expectations.

#### Time Warner to carry Murdoch channel

Time Warner will carry News Corp's Fox News channel on Time's cable TV system, after settling the dispute between them. All outstanding litigation between Time and News Corp will be discontinued as well as all litigation between Time Warner and New York City. The terms of the settlement are confidential. The agreement settles a dispute that started after News Corp was unable to get space on the Time Warner system.

#### Good start for Norwich Union

Norwich Union's worldwide new single premium life and investment business were up 19 per cent to £836m and worldwide new regular premium business down 2 per cent to £325m in the first six months of the year. Worldwide new business showed an annual premium equivalent growth of 7 per cent, despite being adversely affected by the strength of sterling. Allan Bridgewater, chief executive, said Norwich Union had made an encouraging start to 1997.

#### Orange signs millionth subscriber

Orange, the mobile phones business, announced yesterday that it had signed up its millionth subscriber. The group has achieved rapid growth since it launched in April 1994. Last year, Orange doubled its customer base to 785,000 from 379,000.

## Ohmeda sale to net BOC £1bn

Sameena Ahmad

BOC, the world's second largest industrial gases group, is tipped to strengthen its position in the continental European gas market with a big acquisition, following the planned sale of its health business, Ohmeda, announced yesterday. Analysts said Ohmeda, which makes surgical anaesthetic gases, could fetch up to £1bn.

Sources close to the company say BOC's shopping list includes Messer Griesheim, a private German group and the second largest industrial gases group in Europe and Sweden's AGA, Europe's number four.

Danny Rosenkranz, BOC's chief executive, said BOC planned to invest in organic growth, but did not rule out

acquisitions. "We don't have any plans to buy anyone just yet, but we are a major player and we intend to stay one."

Mr Rosenkranz said BOC was not in talks with a single company, which is one of the top 100 players in industrial gases and anaesthetics, monitoring with sales of £200m last year. However, sources suggest the group has targeted Abbott Laboratories, the US health-care group, Zetec and Smith's Industries from the UK and the American Chemicals group, Mallinckrodt as possible targets. Other possible buyers include Baxter and Astra.

Abbott, the leading bottle-maker, would not comment on its plans yesterday, but as the US's second-largest surgical anaesthetic gas group, it would

face anti-trust issues if it bought Ohmeda. Ohmeda, which represents around a tenth of BOC's sales, has suffered badly from generic competition on its oldest gas, Forane.

Possible acquisition targets for BOC could include Messer, Germany's leading industrial gases business. The group posted sales of DM2.47bn (£823m) and DM533m profits in the year to January. Messer may also now contemplate a bid following the death, in May, of Dr Hans Messer, whose father founded the company, and who was known to oppose a sale.

The group's principal shareholder, E.ON AG, with a two-thirds stake, is known to be keen to shed Messer to focus on higher sciences. And though Messer is planning a flotation in Ger-

many, tax problems may make the move unattractive.

A Messer spokeswoman refused to comment on whether BOC had made an approach. However, she confirmed that a listing was unlikely this year.

Sources close to BOC said that AGA was also a potential target as it had a presence in Germany, Latin America and the US. However, it is capitalised at £22m and so is a bigger mouthful.

Though BOC might find itself bidding against gas groups like Linde of Germany and France's Air Liquide, the world's biggest industrial gas player, it could prove the keenest buyer. According to one analyst: "BOC will have cash and will be real interested in Europe. It won't have a monopoly problem."

## Treasury to take charge of 'super SIB'

The Government's aim to create an enhanced Securities and Investments Board was taken a step further yesterday with the announcement that insurance regulation was being transferred to the Treasury. Helen Liddell, Economic Secretary, will assume responsibility for insurance regulation, which will eventually move to the SIB.

The new regulatory body, dubbed "super-SIB" will become one of the most powerful regulatory institutions in the UK, overseeing banks, securities firms as well as insurance and building societies.

Ms Liddell said in a parliamentary answer yesterday that the new arrangements would "further enhance the existing

high standards of supervision and regulation of all financial sectors."

The Treasury said the Bank of England Bill, transferring regulation of the banking industry to the new SIB, would be introduced after the summer recess.

There have been calls for further legislation in recent weeks to protect the remaining building societies from pressure from carpetbaggers.

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## business

# £55m Ramco bid for JKK frees Horton from second fiasco

Magnus Grimond

Sir Robert Horton, the Rail-track chairman and former chief executive of BP, was yesterday bailed out of a second fiasco in the oil sector when JKK Oil & Gas, a more recent oil venture of his, succumbed to a £55m bid from rivals Ramco Energy.

The all-paper offer of one of Ramco's shares, listed on the Alternative Investment Market, for every 25 in JKK values the latter at 47.5p a share. Shares in JKK jumped 3.5p to match the bid terms yesterday, while Ramco moved ahead 30p to £11.875.

The agreed bid marks the end of an unhappy stock market career for the group chaired by Sir Robert, ousted from BP in 1992. It was launched at 19p a share two years ago and the price initially soared to 25p on euphoria that JKK would cash in on existing oil and gas reserves in the Ukraine and Georgia.

In the event, the group was dogged by disaster, including the revelation that Peter Young, the disgraced former fund manager at Morgan Grenfell, had acquired a 19 per cent stake for his funds.

More fundamentally, it took much longer than expected to build a profitable business in the politically-troubled south-west corner of the old USSR. Production, currently close to 11,200 barrels of oil equivalent a day, has not lived up to initial expectations and the failure of a large customer to pay for gas meant most production had to be stored last year.

Yesterday it emerged that the group's joint venture with the Ukrainian Petroleum Company, the Poltava Petroleum Company, had suspended oil and gas supplies to another customer which had been overdue with payments in March and has still not paid up.

The Ramco deal, accepted by holders of 36 per cent of the shares, comes after a rescue

rights issue raised £14.2m in March at 34p a share mounted by new management. In February, the then chief executive, David Robson, was replaced by Bob McCracken, formerly with Mobil. The group also revealed that pre-tax losses had risen from £2m to £2.4m last year, despite a jump in turnover from £2.1m to £15m.

In June, JKK announced that it had signed a new deal to deliver gas to six regional gas distributors in the Ukraine, which has resulted in payments totalling some £746,000. However, the directors said yesterday that "further political and economic change in Ukraine could continue to make operations in Ukraine difficult for JKK and place considerable demands on its resources in the long term". As a result, they had entered the discussions with Ramco.

The takeover is unlikely to lead to a bonanza for the JKK board, which collectively owns just 92,700 shares.



Sir Robert Horton: Ramco bails him out of a second fiasco in the oil sector. He was formerly chief executive of BP

## NatWest will not face criminal charges over £90m losses

John Willcock

The Serious Fraud Office said yesterday that it would not be launching a criminal investigation into losses of £90m incurred by NatWest Markets in interest rate options earlier this year.

The losses at the investment banking arm of the bank led to the resignation of NWM's chief executive, Martin Owen, and other senior staff.

The SFO, which investigates cases of serious or complex fraud, said that in the NatWest case the public interest would best be served by the matter being dealt with by market regulators the Securities and Futures Authority. The SFA has the power to fine individuals and bar them from working in the financial markets. The SFO

decided not to proceed after studying an internal report commissioned by NatWest and carried out by Coopers & Lybrand, the accountancy firm, and Linklaters & Paines, the law firm.

"The SFO has carefully considered the circumstances surrounding the losses incurred by NWM in the interest rate options business and has decided that an investigation with a view to a criminal prosecution is not justified," the SFO said. It added that SFO director Rosalind Wright had taken into account the nature of the transactions involved, which were highly complex, and the powers of the regulatory authorities in this area.

"She [Ms Wright] takes the view that the public interest in this case would be more appro-

priately satisfied by the matter being dealt with by regulation."

A spokesman for NatWest said yesterday: "We welcome the SFO's decision. There has been a lot of speculation whether they [the SFO] would do anything over recent weeks. We have co-operated fully with them and we are glad it has been sorted out, as far as the SFO is concerned."

The spokesman added that the SFA had been kept fully informed throughout NatWest's own investigations of the losses. "Whether the SFA will do anything else is up to them," he said.

The SFA said yesterday that it was looking at the NatWest report. "We shall be studying the role of a number of individuals named within it," said an SFA spokesman.

He said the regulator would "undoubtedly have to gather additional information".

The report by Coopers and Linklaters showed that the losses were deliberately hidden for over two years by the creation of false profits and unauthorised transfers between trading books at the bank.

The initial losses, in German mark and sterling interest rate options, were due to poor trading made worse by adverse market conditions but it said no personal gain was made and no client lost out.

The fact that the interest rate options market is exotic and highly complex also meant that the facts of the case would have been very difficult to explain to a jury, according to legal observers.

## Digital delays keep Pace down

Cathy Newman

Pace Micro Technology, the TV set-top box maker, said yesterday it had yet to see any beneficial trickle-down effect from the digital television revolution. The company also remained cautious about future growth in the market for set-top boxes.

Peter Morgan, chairman, who announced flat pre-tax profits of £18m for the year to May, said: "There is a delay of the digital world, but it's no less certain to arrive."

He added that business had slowed in the second half of the year as a slight increase in the number of people buying digital set-top boxes failed to compensate for a decline in sales of analogue boxes. Pace makes the decoders and receivers needed to unscramble satellite, cable and digital terrestrial television signals.

Mr Morgan also admitted that, despite winning a contract to develop set-top boxes for British Interactive Broadcasting, the interactive television company recently formed by BSkyB, BT, Maxis and Midland Bank, Pace had not yet been informed how many boxes it would have to supply.

Pace said it had been hampered by consumers who had decided to wait until the launch of digital services instead of buying analogue boxes. Meanwhile, the company had suffered from a lower than expected subscriber take-up in countries where digital television was already up and running.

Analogue box sales were £32m in the second half of the year, down from £53m in the first half. Digital box sales only accounted for sales worth £70m in the second half, marginally up on £65m in the first half.

The lower than anticipated demand led to 29 redundancies this year out of a workforce of 1,000. Shares in Pace closed down 9.5p at 53.5p.

## Biocompatibles still talking with J&J

Sameena Ahmad

Biocompatibles said yesterday that it was "weeks away" from a deal with Johnson & Johnson, the US healthcare giant which is negotiating for rights to sell the UK company's specialised medical coating and surgical implants.

Shares in Biocompatibles have slumped by more than 400p over the last few weeks to 997p on concerns that a delay in concluding the deal meant the tie-up could fall through. An initial agreement to market its coating to J&J expired last month.

Julian Steadman, Biocompatibles' finance director, said yesterday that the talks were definitely ongoing. However, J&J's request to extend the negotiations to include Biocompatibles' recently acquired range of modern stents, used to keep blood vessels open, as well as its coating had protracted the talks. "A deal is several weeks away. But J&J is such a big player in the US, it

## THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

# Buy-back to offset Reuter's pounding

Reuters' chief executive, Peter Job, must have been taking the long view yesterday when he said he did not see the strength of sterling as a problem. But in the short term at least, currency problems are undeniably a worry.

Pre-tax profits for the six months to June were down 3 per cent to £333m, and the pound - which yesterday reached an eight-year high against the mark - was fairly and squarely blamed. Although the company wouldn't put a figure on the damage done by sterling, it said profits were up 12 per cent at a comparable exchange rate, which in effect means the strong pound took a £50m bite out of Reuter's profits.

Reuters can do little except sit it out and hope for better times. Shareholders may be well-served to do likewise, especially since yesterday's announcement of a £200m share buy-back over the next 12 months. Rob Rowley, finance director, says Reuters has £1.1bn in cash he does not want to accumulate further.

A plan last year to give investors £613m via a special dividend formula was scrapped after the Government shelved related tax benefits. Mr Rowley would not be drawn on whether further cash will be returned to shareholders after this year.

Buy-back or no, there are tough times ahead for Reuters, with the prospect of a slug of additional expenditure over the next few years to combat the threat of the millennium computer time bomb. The company isn't giving estimates for the cost of the problem yet, which could cause a global computer meltdown if software systems fail to recognise the date at the beginning of the year 2000. Mr Rowley does promise more detailed explanations about the scale of the threat at a seminar for shareholders later this year, though.

In the meantime, a "millennium compliance programme" has been set up.

Leaving aside millennium and currency gloom, Reuters is still a market leader, and is continuing to enhance its existing product range. The 3,000 series, for example, combining up-to-the minute price information with historical data on shares, bonds and the foreign exchange, has sold well since launch last year, and further developments to the product are being applied. A domestic

version has been established in the UK equities market, and a US model is planned.

If the pound continues to make life difficult for the company, there is always the possibility of lifting product prices. These have been held broadly constant for the past five years, but if currency worries persist, it may be something the company will look at.

Analysts downgraded their forecasts by about 5 per cent after yesterday's results. Current year forecasts for pre-tax profit are around £680m, with about £760m expected next year. That puts the shares, down 11p at 598.5p, on a forward P/E of 21. Worth holding.

## Clark looks to regain sparkle

The stock market in its present mood will forgive almost any shortcoming, and cider-maker Matthew Clark and his chief executive Peter Aikens were given an easy ride yesterday.

The results of a disastrous year for the group saw profits slip by 4 per cent to £40.6m, despite turnover ahead by a hefty 26 per cent to £571m in the 12 months to April. The first full-year of Tanton Cider helped hide some of the problems, but a slump in market share from 41 per cent to 37 per cent tells its own story.

The figures confirmed Clark's strategic blunder. The surge in demand for alcopops might explain a standstill in the recent strong growth of cider, but it cannot excuse a 13 per cent drop

in the group's sales in a market where total volume fell just 3 per cent last year. The price war with its bitter rival Bulmer's provided a better excuse for a drop in margins, but there is no doubt that Matthew Clark is paying for a serious underperformance on promotion at a critical time.

This year it will beef up advertising spend from £2m to £9m, including £6m on Blackthorn cider, making it one of the UK's top half-dozen promoted drink brands, and £2m on Diamond White. But the company was not pretending that things will get better quickly, business development director Peter Huntley admitted yesterday.

Much depends on the outcome of the government inquiry into taxation on high strength drinks like premium ciders, on a continuing trade in the price war and on how quickly a resumption of advertising spend leads to a fresh growth in sales. Results may not come through for one or two years yet.

Profits from non-cider brands (Strathmore mineral water, Stowells wines, Stone's Ginger Wine and Miller Draft beer) equalled cider profits last year, and the wholesale drinks business is doing well. Analysts expect them to outperform cider again in the current year and help maintain group profits at around £40m.

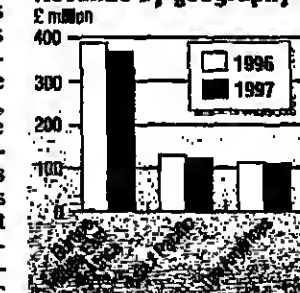
The shares, which hit 700p a year ago, rose 4p to 246.5p yesterday, where they stand on eight times prospective earnings of 31p. Some time in the next 12 months they will be cheap, but the moment has not yet arrived.

## Reuters: At a glance

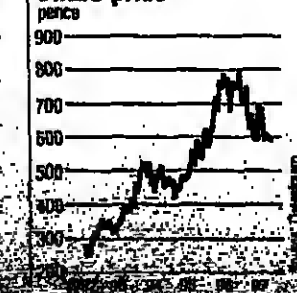
Market value: £10.1bn, share price 598.5p (+11p)

|                         | 1993 | 1994 | 1995 | 1996 | 1997 |
|-------------------------|------|------|------|------|------|
| Four-year record        | 1993 | 1994 | 1995 | 1996 | 1997 |
| Pre-tax profits (£m)    | 440  | 510  | 599  | 342  | 333  |
| Dividends per share (p) | 6.5  | 8.0  | 9.8  | 2.75 | 3.1  |

## Revenue by geography



## Share price



## Bullough profits by slimming down

Bullough, the mini-conglomerate, has been through the wars of late, mainly due to its troublesome former subsidiary Atal, a French furniture manufacturer. Atal was ditched in January, along with its annual losses of £5m, as part of a wide-scale restructuring which has seen Bullough's 27 main subsidiaries slimmed down to 13 over the past nine months or so. The relief was palpable yesterday.

Results showed pre-tax profits soaring from £4.23m to £11.1m in the six months to April. The stock market applauded with a 2.5p rise in the shares to 95p, still a long way short of the 199p high struck in 1995.

The comparisons were muddled by the disposal programme, but a 62 per cent rise in underlying operating profits to £8.81m reflects a strong performance from the retained businesses.

The main impetus came in a £2m turnaround from a £1.6m loss at the refrigeration division. In a deceptively simple move, Bullough

dumped £2.8m of loss-making contracting business and replaced it with £1.8m of profitable manufacturing work.

The performance at heating also demonstrated management's abilities. Divisional margins leapt from 13 to 17 per cent, boosted by bringing Tranco, acquired at the end of 1994, up to the level of existing operations. Aided also by growing demand from local authorities and the housing market, profits rose 45 per cent to £3.25m.

Bullough has four growing businesses with leading or close to leading positions in many of their markets. Clearly, freed from fighting fires, the management, led by chief executive Gordon Bond, is starting to prove its ability. With gearing likely to be below 10 per cent by the year-end Bullough will be ready to hit the acquisition trail by early 1998.

Meanwhile, full-year profits of £18.5m would put the shares on a forward multiple of 9.1 point below their forecast yield. Good value.

## Marketing agency gives nod to £22m takeover

Cathy Newman

Colleagues Group, the direct marketing agency, yesterday announced that it had agreed to be taken over by Moore Corporation, a Canadian company that specialises in business communications, for £21.6m in cash.

Moore's takeover terms are 95p cash plus a 5p special dividend. The total 100p-a-share offer is in effect a premium of 23 per cent to the company's closing share-price of 77.5p on Tuesday, and 48 per cent more than the close on 3 March, the day before Colleagues said it

was in takeover talks. Colleagues' shares yesterday closed at 93.5p, up 16p.

Moore said: "Whilst Moore has concentrated its direct marketing activities on printed customer communications, campaign management services which will add strength to its research, creative and data-based management capabilities as part of a total direct customer communication solution."

The deal comes after a poor year in 1996 for Colleagues' when a big client cut spending, and a postal strike caused problems.

## Company Results

|                         | Turnover £     | Pre-tax £     | EPS           | Dividend      |
|-------------------------|----------------|---------------|---------------|---------------|
| Bovril Group (Q)        | 23.2m (20.4m)  | 4.0m (2.75m)  | 11.4p (8.2p)  | 3p (-)        |
| Bullough (Q)            | 13.4m (16.8m)  | 11.1m (8.2m)  | 4.77p (1.12p) | 1.25p (1.17p) |
| Matthew Clark (Q)       | 571m (451m)    | 40.8m (17.2m) | 31.9p (18.4p) | 24p (24p)     |
| Pace Micro Systems (Q)  | 220m (195m)    | 18.4m (18.2m) | 5.7p (8.1p)   | 2.7p (4p)     |
| Reuter's (Q)            | 1.471m (1.44m) | 330m (342m)   | 14.2p (14.2p) | 3.1p (2.75p)  |
| Stowells Wines (Q)      | 23.5m (24.9m)  | 1.77m (1.61m) | 6.1p (4.2p)   | 2.1p (1.8p)   |
| Sterling Publishing (Q) | 4.2m (4.0m)    | 0.63m (0.80m) | 3.25p (3.1p)  | 2.25p (2p)    |

(Q) - Q1 (Q) - Q2 (Q) - Q3 (Q) - Q4

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# market report / shares

## Bank of Scotland takeover target draws new queues

Taking Stock

### Data Bank

### Share spotlight

Two long-standing bank favourites are intriguing the stock market. Although the sheer emburance of recent weeks seems to be seeping from many financial shares, Bank of Scotland and Standard Chartered are displaying surprising strength. BoS rose 11p to 440.5p, a peak; Standard put on 22p to 1,001p.

The banking twoosome is no stranger to takeover speculation. BoS has been linked with a host of would-be bidders. Eleven years ago Standard was forced into one of the fiercest banking battles when, with the help of the so-called White Squires, it beat off the attentions of Lloyds TSB.

The Scottish bank has looked particularly vulnerable since its long-time protector, Standard Life insurance group, sold most of its 32 per cent stake last year. The insurer had held the shares for 11 years, buying from Barclays.

The market is convinced an important financial deal is being hatched. BoS, paying £90m for EFT, an asset management company, is seen as a likely candidate and it could be significant in its shares, in brisk trading, moved to a peak on a day many bankers were content to remain quietly in their parlours.

Standard is seen as an overseas target. But HSBC, seeking acquisitions, could be interested. It is expected to eventually cut its 61 per cent stake in the Hong Kong Bank of China following the Chinese takeover. Standard, with a Hong Kong presence, could fill any gap. HSBC rose 40p to 2,104.5p.

The former building societies that converted to banks were ruffled by J. Sainsbury's venture into mortgages. The superstore chain has linked with Standard Life for its loan push.



### MARKET REPORT

### DEREK PAIN

stock market reporter of the year

So on a day Nationwide decided, at least for the time being, to stay a neutral, Abbey National, the first to convert, suffered a 15p fall to 821.5p. Halifax, after a 7.5p gain, had to settle for a 1p fall to 727.5p and Woolwich dipped 2p to 287p. Alliance & Leicester backed the trend with a 2.5p gain to 680.5p.

The rest of the market ended with modest gains. Early euphoria, following New York's overnight surge, quickly evaporated. After achieving a mid-morning points gain it was all downhill and Footsie ended with a 27.8 rise to 4,874.5p.

Higher-than-expected June retail sales, strengthening the

possibility of another interest rate increase, created the caution.

That & Lyle, the sugar group, was another to surrender an early gain. The shares were up 6.5p as a story went round that cash-rich Associated British Foods was preparing to strike. But monopoly considerations make the possibility of such a deal remote. The fall back to 429p, up 0.5p, while AEF rose 13p to 571.5p.

Beers produced a few gains but Greene King's progress to a peak of 762p owed more to its growing retail spread than brewing.

Since rolling out impressive interim figures last month the

shares have climbed 115p, as the market has warmed to the success of its Magic Pubs Co. The pub chain, which cost £197.5m, was responsible for much of the 49 per cent profit increase.

Despite more profit down-grading British Airways climbed 7p to 635p. UBS cut from £740m to £580m.

Shield Diagnostics was another which lost early emburance. At one time the shares were up 40p on its long-awaited deal with Abbott Laboratories. At the close the price was down 17.5p to 550p. Biocompare International was another healthcare group to give up gains.

It ended 8.5p lower at 997.5p following a further delay in its licensing talks with Johnson & Johnson, the US giant. Last month the shares were around 1,400p.

Two newcomers made firm starts. Kingfisher Leisure, a

theme bar business, finished at 173.5p from a 160p placing and Citadel, a property company focusing on French offices, went to 186.5p from a 100p placing.

Ramco Energy, putting JEX Oil & Gas out of its misery, floated 30p to 1,187.5p. JKC, floated at 190p, rose 3p to 47.5p.

Collingages, the junk mail business, hardened 16p to 93.5p as a Canadian group, Moore Corporation, made the signalled bid - at 95p. Another cash bid, a 75p offer from Britannia, lifted British Building & Engineering 15.5p to 70.5p.

Pace Micro Systems produced more trading disappointment, falling 9.5p to 53.5p.

Total Systems, the computer services group, gained 6p to 68.5p. MMT Computing has nudged its stake to 3.62 per cent but Total said it was not involved in takeover talks.

Julie Ramshaw, the Morgan Stanley analyst who backed Next when it was in the dumps, is still a fan of the group. After a spell at Laura Ashley she recently returned to Morgan Stanley and yesterday let it be known she has put a 12-month 85p target on the shares.

She expects profits this year to reach £191m against £158.5m. Ms Ramshaw first put her faith in Next when the shares were in the penny dreadful category. They are now 732p compared to 13p in 1990.

Spargo Consulting, the computer services group, edged interim profits up to £625,000 and with trading running at record levels is set to top the market's £1.45m year's forecast.

The shares rose 2.5p to 114.5p; they were 174.5p earlier this year.

### Share Price Data

Prices are in sterling except where stated. The yield is last year's dividend, grossed up by 10 per cent, as a percentage of the share price. The price/earnings (P/E) ratio is the share price divided by last year's earnings per share, excluding exceptional items.

Other details: the figures in brackets are a list of all United Kingdom Market's suspended up Fully Paid up All Paid Shares. Source: FT Information

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### Market Leaders: Top 20 volumes

| Stock           | Volume | Share  | Value      | Stock           | Volume | Share | Value   |
|-----------------|--------|--------|------------|-----------------|--------|-------|---------|
| HSBC            | 42,000 | £4.00  | £1,680,000 | BT              | 10,000 | £1.00 | £10,000 |
| Shell           | 20,000 | £10.00 | £2,000,000 | British Telecom | 10,000 | £1.00 | £10,000 |
| BP              | 20,000 | £10.00 | £2,000,000 | British Telecom | 10,000 | £1.00 | £10,000 |
| British Telecom | 20,000 | £10.00 | £2,000,000 | British Telecom | 10,000 | £1.00 | £10,000 |
| British Telecom | 20,000 | £10.00 | £2,000,000 | British Telecom | 10,000 | £1.00 | £10,000 |

### FTSE 100 index hour by hour

| Time       | Index   | Change |
|------------|---------|--------|
| Open 0900  | 4,874.5 | +27.8  |
| 1000       | 4,880.0 | +5.5   |
| 1100       | 4,885.0 | +5.0   |
| 1200       | 4,890.0 | +5.0   |
| 1300       | 4,895.0 | +5.0   |
| 1400       | 4,900.0 | +5.0   |
| 1500       | 4,905.0 | +5.0   |
| Close 1600 | 4,910.0 | +5.0   |

| Stock           | Price | Change | Stock           | Price | Change |
|-----------------|-------|--------|-----------------|-------|--------|
| HSBC            | 440.5 | +11.0  | BT              | 1.00  | 0.00   |
| Shell           | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| BP              | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |

| Stock           | Price | Change | Stock           | Price | Change |
|-----------------|-------|--------|-----------------|-------|--------|
| HSBC            | 440.5 | +11.0  | BT              | 1.00  | 0.00   |
| Shell           | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| BP              | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |

| Stock           | Price | Change | Stock           | Price | Change |
|-----------------|-------|--------|-----------------|-------|--------|
| HSBC            | 440.5 | +11.0  | BT              | 1.00  | 0.00   |
| Shell           | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| BP              | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |

| Stock           | Price | Change | Stock           | Price | Change |
|-----------------|-------|--------|-----------------|-------|--------|
| HSBC            | 440.5 | +11.0  | BT              | 1.00  | 0.00   |
| Shell           | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| BP              | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |

| Stock           | Price | Change | Stock           | Price | Change |
|-----------------|-------|--------|-----------------|-------|--------|
| HSBC            | 440.5 | +11.0  | BT              | 1.00  | 0.00   |
| Shell           | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| BP              | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |

| Stock           | Price | Change | Stock           | Price | Change |
|-----------------|-------|--------|-----------------|-------|--------|
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| Shell           | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| BP              | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
| British Telecom | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
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| Stock           | Price | Change | Stock           | Price | Change |
|-----------------|-------|--------|-----------------|-------|--------|
| HSBC            | 440.5 | +11.0  | BT              | 1.00  | 0.00   |
| Shell           | 10.00 | 0.00   | British Telecom | 1.00  | 0.00   |
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|-------|-------|--------|-------|-------|--------|
| HSBC  | 440.5 | +11.0  | BT    | 1.00  | 0.00   |



## business

## Time to still siren song on sterling

The manufacturing lobby is in full voice. The theme of its siren song is that if only the Bank of England would stop raising interest rates the pound would drop, exports and investment would pick up, and balance and harmony would be restored to the economy. The descent to this chorus is the line that the Chancellor of the Exchequer would have made it a lot easier if he had raised consumer taxes in the Budget, with yesterday's retail sales figures confirming the scale of the windfall-fuelled spending spree.

All kinds of apparently sensible people have accepted this nonsensical reasoning. It has three main flaws. The first is to conclude that because manufacturing is flat and industry's export orders starting to decline, the economy cannot be overheating. The second mistake is to argue that it is better to use taxes than interest rates to manage the economy in the short term. The third is the belief the Bank of England can easily manipulate the level of the pound by adjusting interest rates.

Take the first point. It is perfectly possible for manufacturing to be depressed while the rest of the economy remains buoyant. Manufacturing makes up only 23 per cent of national output, little more than finance and business services at 19 per cent. As a recent circular by Peter Warbuton at investment bank Flemings points out, there could scarcely have been a greater contrast between the performance of these two sectors during the 1990s.

Although growth in manufacturing started picking up in late 1991 (the trough of the recession preceded Black Wednesday in September 1992, contrary to popular myth), the recovery in business and financial services and telecommunications has been much sharper. They are currently expanding at an annual rate of nearly 10 per cent in real terms, compared to flat manufacturing output.

Mr Warbuton argues that this divergence between sectors reveals the "madness" of setting policy according to aggregate figures on the economy. He writes: "Hi-tech business services, financial and telecommunications services are not subject to the same output constraints as blast furnaces and assembly lines. This is highly debatable—that bottlenecks are less tangible in services does not mean they do not exist."



Diane Coyle

If only the Bank of England would stop raising interest rates the pound would drop ... all kinds of apparently sensible people have accepted this nonsensical reasoning

They instead take the form of labour shortages or congestion. But skip over this. He could also make a similar argument about the divergence between regions, with the fortunes of London in sharp contrast to Crewe, say. The London and south-eastern labour market will hit skills shortages well before the rest of the country.

The trouble is economic policy has to be set according to some kind of aggregate measure rather than one sector of the economy. Whether it

should be industry or financial services depends on your assessment of the balance of risks.

This is something about which there is obviously profound disagreement at present. Some economists reckon there is a strong parallel between the late 1990s and the late 1980s. Many of the same indicators are flashing red or amber, but now as then the delay in the inflation process mislead many commentators into thinking there is no danger in this. Suggestions that the economy's trend growth rate had increased permanently or that flexibility in the jobs market meant unemployment could fall further without triggering wage inflation were two-a-penny a decade ago. They have resurfaced with a vengeance recently.

Other experts say there might be a closer parallel with the early 1980s, when a tough Budget, high interest rates and strong pound plunged Britain into a scarring recession. Growth had been picking up through 1979, and rising oil prices made the inflation penalty pretty immediate.

Perhaps I am inclined to put more weight on the boom theory simply because I live in London, just as industrialists put more weight on the gloom theory because they don't. But it is worth pointing out that policy in this country has hardly ever erred on the side of being too cautious. T.ypical British mistakes have been giving in to the complaints from industry that the cost of borrowing is too high, the pound too strong or the tax breaks too miserly.

The good thing about relying on small changes in interest rates to adjust policy over the cycle, however, is that if this view turns out to be too tough, the Bank of England can easily reverse it. Suppose the members of the Monetary Policy Committee

decide to raise rates by another quarter point next month, as they should if tomorrow's figure for second-quarter GDP is as robust as yesterday's retail sales figures. Suppose August and September then bring news of a drop in export volumes and a slowdown in the spending of the consumer windfalls, and the flash estimate of third-quarter GDP the following month is weak. The Bank could then revise its inflation forecast and cut interest rates. Three months with rates at 7 per cent rather than 6.75 per cent would not be catastrophic.

This is why the Chancellor is right to argue that Budgets should set taxes for the medium term, not for fine-tuning over the economic cycle. Although he actually raised taxes on companies rather than consumers, despite his claims to the contrary, this is an unhelpful mix rather than a terrible error of judgement. After all, he could hardly have come back with another Budget in November to cut taxes again if the economy does turn out to be weakening.

And, as Guy Davies has pointed out in his column in *The Independent*, fiscal policy is very tough indeed. Mr Brown is planning no real-terms increase in the public spending total. If any single part of the economy is bearing the burden of austere policies, it is public services rather than manufacturing.

The final point to make about industry's special pleading is that the Bank of England cannot necessarily make the pound fall by cutting interest rates. If it did so at a time when the economic indicators were still warning of inflationary risks—as they are—the foreign exchange markets would simply look forward to an even bigger rise in interest rates later. It would be a postponement of the inevitable. The last government unleashed faster growth than the economy can sustain and it will sooner or later have to be brought back under control. What's more, the bigger the boom, the bigger the bust.

There is nothing to be done about the fact the British economy is further advanced in its cycle than the rest of Europe, or about the uncertainties over EMU that are depressing the continental currencies. All the special pleading in the world cannot bring the pound down. This is something that time, rather than the Bank of England, will have to set to rights.

## Chairman fails to keep up with changes at Pace

## PEOPLE &amp; BUSINESS

Pace, the makers of receivers and decoders for satellite and digital television, have had a certain amount of management turnover recently. Perhaps this explains a change dropped yesterday by the company's chairman, Peter Morgan.

Mr Morgan was introducing the Pace board to journalists and said at one point: "I think you'll know Steven Barnes, our finance director."

The finance director shifted uneasily in his seat, and murmured: "Er, Steven Jones, actually."

Mr Morgan excused himself, saying: "There are so many Stevens in the company."

Perhaps the headhunters recently appointed by Pace to find a new chief executive and finance director should make sure no "Stevens" are interviewed.

What is it with Gordon Brown and clothes? Fresh from his controversial decision to attend the Lord Mayor's Banquet in a lounge suit rather than black tie, the Chancellor again caused a stir yesterday, this time at the House of Commons.

The Chancellor had just sat down in front of the Treasury Select Committee, to be grilled on his recent Budget. The day was sweltering, the House has no air conditioning to speak of, and Mr Brown's three flanking Treasury ministers were visibly wilting.

Giles Radice MP, being a reasonable chap, suggested that Mr Brown and his henchmen should follow his example and take off their jackets. The Chancellor sternly refused. His three underlings all followed suit, as it were.

Then it was Alistair Darling's turn to be interviewed, in his capacity as Chief Secretary to the Treasury. Mr Darling immediately took his jacket off. And the same three underlings then removed their jackets as well, in unison. Who says obsequiousness is dead?



Peter Morgan: Headhunters should avoid Stevens

The black and white striped building became the home of British Satellite Broadcasting back in the distant days when beating Rupert Murdoch still seemed like a real possibility. When Mr Murdoch's Sky subsequently bought BSB out, it retained Marco Polo House.

Coming up to date, Sky has just been forced to leave the British digital terrestrial TV combine, BDB, following concerns expressed by regulators.

The remaining members of BDB have had to pay Sky £75m in compensation for its enforced exit. Sky responded by offering to throw in Marco Polo House as part of the settlement.

Something of a civil war seems to be brewing up in the accountancy profession, with the publication of a survey today which says that nearly three quarters of British finance directors think that receivers' fees should be capped.

The survey of 200 financial directors by Reed Accountancy Personnel follows the much publicised criticism last week by Lord Justice Ferris of Buchler Phillips, the insolvency firm which wound up the late Robert Maxwell's estate. Buchler Phillips submitted a bill for insolvency fees of £1.63m, leaving only £400,000 of the £2.03m fee.

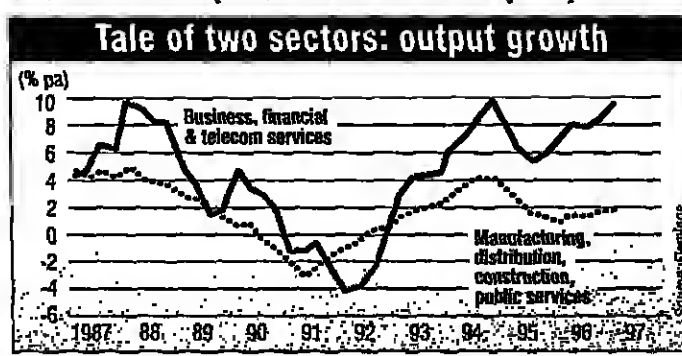
Criticism by a judge is one thing, but to be attacked by fellow accountants is quite another. According to today's *Accountancy Age*, 75 per cent of finance directors believed some form of capping of fees is required. One FD said: "It is almost a licence to print money and very often prevents real 'creditors' from getting anything worthwhile returned."

One suggestion from the FDs, that their insolvency brethren should charge a percentage of what they recover for creditors, drew a withering response from the receivers—since this was the system in place years ago under which "cowboy liquidators" flourished.

Chris Barlow, the Coopers & Lybrand partner, has been an administrator of Polly Peck for the past five years. He said: "People made far more money on the old 'percentage' system. In most insolvencies the insolvency practitioner already has to get the consent of an elected creditors' committee to the level of fees."

Nigel Hamilton, a partner with Ernst & Young, who took a leading role in the administration of Canary Wharf, said that the banks who are the main creditors in business collapses already scrutinise receivers' fees very closely. Whatever transpires, accountancy sherry parties should be frisky occasions for some time to come.

John Willcock



## Foreign Exchange Rates

| Country      | Spot   | 1 month | 3 months | Spot   |
|--------------|--------|---------|----------|--------|
| US           | 1.6812 | 97.17   | 97.54    | 1000   |
| Canada       | 2.2315 | 71.99   | 209.20   | 13809  |
| Germany      | 3.0726 | 87.80   | 288.27   | 18273  |
| France       | 9.1329 | 342.20  | 329.88   | 5.816  |
| Italy        | 2.9858 | 12.14   | 15.07    | 17520  |
| Japan        | 19.472 | 104.00  | 307.32   | 1532   |
| Spain        | 16.501 | 108.71  | 108.71   | 10847  |
| Belgium      | 63.447 | 21.15   | 59.51    | 37.240 |
| Netherlands  | 1.0597 | 340.250 | 100.900  | 65570  |
| Sweden       | 5.4395 | 145.85  | 210.34   | 112575 |
| Norway       | 1.1397 | 8.2     | 23.16    | 14765  |
| Denmark      | 2.8819 | 37.28   | 18.97    | 15369  |
| Switzerland  | 1.3197 | 110.50  | 820.800  | 78339  |
| Australia    | 1.0993 | 114.31  | 342.20   | 1.0664 |
| New Zealand  | 2.2328 | 9.3     | 30.20    | 12579  |
| Malaysia     | 3.1024 | 8.2     | 10.48    | 7470   |
| Hong Kong    | 4.4340 | 34.51   | 102.01   | 125.45 |
| Singapore    | 2.0882 | 2.5     | 14.11    | 15355  |
| Saudi Arabia | 6.3054 | 37.13   | 129.10   | 37507  |
| Sri Lanka    | 2.4657 | 49.44   | 53.14    | 16557  |

## Other Spot Rates

| Country   | Spot   | 1 month | 3 months | Country      | Spot    | 1 month | 3 months |
|-----------|--------|---------|----------|--------------|---------|---------|----------|
| Argentina | 1.8814 | 0.9989  | 0.9989   | Nigeria      | 138.959 | 83.2000 | 83.2000  |
| Australia | 2.1814 | 0.9989  | 0.9989   | Philippines  | 68.0703 | 40.0795 | 40.0795  |
| Brazil    | 1.8814 | 0.9989  | 0.9989   | Portugal     | 310.72  | 384.500 | 384.500  |
| Canada    | 2.2315 | 71.99   | 209.20   | Qatar        | 6.194   | 35.40   | 35.40    |
| China     | 5.1329 | 342.20  | 329.88   | South Africa | 78.572  | 579.00  | 579.00   |
| France    | 9.1329 | 342.20  | 329.88   | Taiwan       | 47.052  | 27.9500 | 27.9500  |
| Germany   | 3.0726 | 87.80   | 288.27   | Thailand     | 6.574   | 36.753  | 36.753   |

Forward rates quoted high to low are at a discount; subtract from spot rate  
Rate quoted low to high are at a premium; add to spot rate  
\*Dollar rates quoted as receivable.  
For the latest foreign exchange rates call 0891 123 3033.  
Cable cost 50p per minute.

## Interest Rates

| Country     | Rate  | Country     | Rate  |
|-------------|-------|-------------|-------|
| UK          | 6.75% | US          | 5.25% |
| France      | 5.50% | Canada      | 5.00% |
| Germany     | 4.50% | Japan       | 5.50% |
| Italy       | 6.25% | Spain       | 5.00% |
| Netherlands | 2.50% | Sweden      | 5.00% |
| Belgium     | 2.50% | Denmark     | 5.00% |
| Switzerland | 2.50% | Norway      | 5.00% |
| Australia   | 2.50% | New Zealand | 5.00% |

## Bond Yields

| Country     | 1yr   | 2yr   | 3yr   | 5yr   | 10yr  |
|-------------|-------|-------|-------|-------|-------|
| UK          | 7.75% | 7.00% | 7.25% | 8.50% | 9.50% |
| US          | 5.25% | 5.00% | 5.25% | 5.50% | 6.00% |
| France      | 5.50% | 5.25% | 5.50% | 5.75% | 6.25% |
| Germany     | 4.50% | 4.25% | 4.50% | 4.75% | 5.25% |
| Italy       | 6.25% | 6.00% | 6.25% | 6.50% | 7.00% |
| Netherlands | 2.50% | 2.25% | 2.50% | 2.75% | 3.25% |

## Money Market Rates

| Instrument | Rate  | Instrument | Rate  |
|------------|-------|------------|-------|
| 3m UK      | 6.75% | 3m US      | 5.25% |
| 6m UK      | 6.75% | 6m US      | 5.25% |
| 1yr UK     | 6.75% | 1yr US     | 5.25% |
| 3m Euro    | 5.50% | 3m Yen     | 5.50% |
| 6m Euro    | 5.50% | 6m Yen     | 5.50% |
| 1yr Euro   | 5.50% | 1yr Yen    | 5.50% |

## Tourist Rates

| Country     | Rate   | Country     | Rate   |
|-------------|--------|-------------|--------|
| Australia   | 2.1814 | France      | 9.1329 |
| Canada      | 2.2315 | Germany     | 3.0726 |
| China       | 5.1329 | Italy       | 2.9858 |
| France      | 9.1329 | Japan       | 19.472 |
| Germany     | 3.0726 | Netherlands | 1.0597 |
| Italy       | 2.9858 | Spain       | 16.501 |
| Japan       | 19.472 | Sweden      | 5.4395 |
| Netherlands | 1.0597 | Switzerland | 1.3197 |
| Spain       | 16.501 | Taiwan      | 47.052 |
| Sweden      | 5.4395 | Thailand    | 6.574  |
| Switzerland | 1.3197 | US          | 1.6812 |
| Taiwan      | 47.052 | UK          | 1.6812 |
| Thailand    | 6.574  | Yen         | 19.472 |
| US          | 1.6812 |             |        |
| UK          | 1.6812 |             |        |
| Yen         | 19.472 |             |        |

## Life Financial Futures

| Contract   | Settlement | High/Low | Settlement | Open Interest |
|------------|------------|----------|------------|---------------|
| Long US    | 115.18     | 115.26   | 115.07     | 13300         |
| Short US   | 115.18     | 115.26   | 115.07     | 13300         |
| Long UK    | 108.22     | 108.32   | 108.17     | 21500         |
| Short UK   | 108.22     | 108.32   | 108.17     | 21500         |
| Long Euro  | 125.58     | 125.68   | 125.43     | 2414          |
| Short Euro | 125.58     | 125.68   | 125.43     | 2414          |
| Long Yen   | 32.88      | 32.98    | 32.83      | 42354         |
| Short Yen  | 32.88      | 32.98    | 32.83      | 42354         |
| Long Rand  | 39.01      | 39.11    | 38.96      | 3585          |
| Short Rand | 39.01      | 39.11    | 38.96      | 3585          |
| Long Euro  | 98.34      | 98.44    | 98.29      | 12423         |
| Short Euro | 98.34      | 98.44    | 98.29      | 12423         |
| Long Yen   | 32.88      | 32.98    | 32.83      | 42354         |
| Short Yen  | 32.88      | 32.98    | 32.83      | 42354         |
| Long Euro  | 98.34      | 98.44    | 98.29      | 12423         |
| Short Euro | 98.34      | 98.44    | 98.29      | 12423         |
| Long Yen   | 32.88      | 32.98    | 32.83      | 42354         |
| Short Yen  | 32.88      | 32.98    | 32.83      | 42354         |
| Long Euro  | 98.34      | 98.44    | 98.29      | 12423         |
| Short Euro | 98.34      | 98.44    | 98.29      | 12423         |

## Life FTSE 100 Index Option

| Settlement | Strike | Call/Put | Total |
|------------|--------|----------|-------|
| Call       | 4900   | 4900     | 4900  |
| Put        | 4900   | 4900     | 4900  |
| Call       | 4900   | 4900     | 4900  |
| Put        | 4900   | 4900     | 4900  |
| Call       | 4900   | 4900     | 4900  |
| Put        | 4900   | 4900     | 4900  |
| Call       | 4900   | 4900     | 4900  |
| Put        | 4900   | 4900     | 4900  |
| Call       | 4900   | 4900     | 4900  |
| Put        | 4900   | 4900     | 4900  |

## Energy

| Contract   | Settlement | High/Low | Settlement | Open Interest |
|------------|------------|----------|------------|---------------|
| Long US    | 115.18     | 115.26   | 115.07     | 13300         |
| Short US   | 115.18     | 115.26   | 115.07     | 13300         |
| Long UK    | 108.22     | 108.32   | 108.17     | 21500         |
| Short UK   | 108.22     | 108.32   | 108.17     | 21500         |
| Long Euro  | 125.58     | 125.68   | 125.43     | 2414          |
| Short Euro | 125.58     | 125.68   | 125.43     | 2414          |
| Long Yen   | 32.88      | 32.98    | 32.83      | 42354         |
| Short Yen  | 32.88      | 32.98    | 32.83      | 42354         |
| Long Rand  | 39.01      | 39.11    | 38.96      | 3585          |
| Short Rand | 39.01      | 39.11    | 38.96      | 3585          |
| Long Euro  | 98.34      | 98.44    | 98.29      | 12423         |
| Short Euro | 98.34      | 98.44    | 98.29      | 12423         |
| Long Yen   | 32.88      | 32.98    | 32.83      | 42354         |
| Short Yen  | 32.88      | 32.98    | 32.83      | 42354         |
| Long Euro  | 98.34      | 98.44    | 98.29      | 12423         |
| Short Euro | 98.34      | 98.44    | 98.29      | 12423         |

## Commodity Indices

| Contract   | Settlement | High/Low | Settlement | Open Interest |
|------------|------------|----------|------------|---------------|
| Long US    | 115.18     | 115.26   | 115.07     | 13300         |
| Short US   | 115.18     | 115.26   | 115.07     | 13300         |
| Long UK    | 108.22     | 108.32   | 108.17     | 21500         |
| Short UK   | 108.22     | 108.32   | 108.17     | 21500         |
| Long Euro  | 125.58     | 125.68   | 125.43     | 2414          |
| Short Euro | 125.58     | 125.68   | 125.43     | 2414          |
| Long Yen   | 32.88      | 32.98    | 32.83      | 42354         |
| Short Yen  | 32.88      | 32.98    | 32.83      | 42354         |
| Long Rand  | 39.01      | 39.11    | 38.96      | 3585          |
| Short Rand | 39.01      | 39.11    | 38.96      | 3585          |
| Long Euro  | 98.34      | 98.44    | 98.29      | 12423         |
| Short Euro | 98.34      | 98.44    | 98.29      | 12423         |
| Long Yen   | 32.88      | 32.98    | 32.83      | 42354         |
| Short Yen  | 32.88      | 32.98    | 32.83      | 42354         |
| Long Euro  | 98.34      | 98.44    | 98.29      | 12423         |
| Short Euro | 98.34      | 98.44    | 98.29      | 12423         |

## Industrial Metals

| Contract   | Settlement price | High/Low |
|------------|------------------|----------|
| Long US    | 115.18           | 115.26   |
| Short US   | 115.18           | 115.26   |
| Long UK    | 108.22           | 108.32   |
| Short UK   | 108.22           | 108.32   |
| Long Euro  | 125.58           | 125.68   |
| Short Euro | 125.58           | 125.68   |
| Long Yen   | 32.88            | 32.98    |
| Short Yen  | 32.88            | 32.98    |
| Long Rand  | 39.01            | 39.11    |
| Short Rand | 39.01            | 39.11    |
| Long Euro  | 98.34            | 98.44    |
| Short Euro | 98.34            | 98.44    |
| Long Yen   | 32.88            | 32.98    |
| Short Yen  | 32.88            | 32.98    |
| Long US    | 4587.0           | 4590.0   |
| Short US   | 4587.0           | 4590.0   |

**FTSE 100 Index Options**

| Settlement price: 4587 | Settlement price: 4587 | Settlement price: 4587 |
|------------------------|------------------------|------------------------|
| Long                   | 4587                   | 4587                   |
| Short                  | 4587                   | 4587                   |
| Long                   | 141.69                 | 141.69                 |
| Short                  | 141.69                 | 141.69                 |
| Long                   | 1947.07                | 1947.07                |
| Short                  | 1947.07                | 1947.07                |







## sport

## The tricky business of trying to mix sport and politics

In Troon last week an American I encountered regularly at the big fights, Olympic Games, international sweat festivals of every kind, sought confirmation of his quiet belief that our elected representatives see sport for what it is, not a vehicle for political advancement.

He had in mind President Clinton's notion of restoring some order to professional boxing through discussion with the four main international organisations, the World Boxing Council, the World Boxing Association, the International Boxing Federation and the World Boxing Organisation. As an exercise in futility this would take some beating but, more to the point, it implies expedience.

Although holding no great faith in

politicians generally, my friend could not imagine Tony Blair being advised to take up a similar initiative. This is probably so but sport matters more to the government of the day than it has ever done and not merely in matters of health and efficiency.

The collapse of Communism put paid, more or less, to the idea of sport as a means of promoting ideological superiority, but democratically elected governments are not blind to the effect of international sporting achievement on national morale.

Having made a commitment to England's bid for the 2006 World Cup in their manifesto, Labour enjoyed the happy coincidence of British sporting success shortly after returning to power.

Leaving aside football, which may well be in the process of spending itself to death, and bearing in mind past criticism of state-aided sports programmes, I'm not entirely sure about where I stand in all this.

It has always been daft to suppose sport and politics don't mix (sports sanctions helped greatly to bring down the evil of apartheid), though I am reminded of advice that an American political columnist offered Jimmy Carter, who was about to begin his first term as President. The last three of 20 points were about sport.

Carter was urged not to use football lingo by way of encouraging his party, not to talk about team play, or coming through in the last quarter, or giving it that old one-two.



KEN JONES

Don't invite athletes to the White House for dinner. Don't invite athletes over. Have the courage to decide with Harry Truman that "Sports is a lot of damn nonsense".

It is not a question of whether a government should become involved in sport but where the line should be drawn. At what point should sport be left to fend for itself?

By now Labour's minister for sport, Tony Banks, has had time to look back on the history of his office and arrive at a few conclusions. Unquestionably a sports enthusiast – more than could be said for the majority of his predecessors – Banks is learning on the hoof, a process that guarantees a few mistakes.

I was mentioning this the other day to a veteran sports official. He was not greatly moved. "Whoever has that job, and let's face it, there have been some real duffers, soon realises that there are any number

of people pulling in different directions. It's been that way for a long time and it isn't going to change."

One thing running around in Banks's head is the real possibility of a bid for the 2008 Olympic Games, which depends on whether the 2004 Games are held in Europe. I am not alone with the belief that this would be asking for trouble. Getting the Olympics for London may sound like a grand idea but, as a colleague grunted the other night, who needs it?

The logistics are frightening: accommodation for 15,000 athletes and officials and as many media representatives; transportation through a city threatened by gridlock; training facilities; indoor arenas to hold 20,000 spectators. I have no idea of

how far down the road Labour have gone with this notion but they are running the risk of embarrassment.

One of the things in the back of my mind when I began, what helped me get off on this theme, was the fact that politicians can be as naive about sport as the most innocent punter.

Take, for example, the belief shared on both sides of our legislative chamber that England have more right to the 2006 World Cup than Germany. What these people choose to ignore, Banks among them, is the extent of Germany's ongoing authority in football. Three times world champions, six times finalists, the reigning European champions. On the basis of comparison, England's right doesn't come into it.

CRICKET: Former England opener bows out ■ Championship leaders unsettled ■ Gloucestershire glory despite key absences

## Emotional birthday for Gooch

DAVID LLEWELLYN  
reports from Chelmsford  
Worcestershire 328-6 v Essex

The emotion of the occasion finally got to Graham Gooch after a day of toil in the field watching Reuben Spiring and Vikram Solanki piling up the runs, something that has sadly eluded the former England opener this summer and prompted him to announce his premature retirement after this match.

The usually impassive Gooch, who was also watched by his mother and aunt, said: "My father, Alf, passed away in December. He wanted me to play one last season. I'm just a bit sad that it's not been as good a season as it could have been for him, if he's watching from up there, because he was my biggest supporter. He came to all my games," he paused, swallowing hard before adding, his voice thick with emotion: "I will miss him a lot."

At the start of day he was late. By 8.45am on the first day of the last four days of his cricketing life, the stewards were fretting. But eventually, at 8.54 on his 44th birthday, he rolled up, parked in his usual spot and 20 minutes later was in the nets for the regular solitary session with his personal batting coach, Alan Lilly. It is something he has done for the bulk of his 25 seasons and there was no letting up in standards just because this was his final match for Essex.

Already a larger than usual crowd was building at Chelmsford, where he made his maiden first-class hundred – the first of 128 – on his first appearance there (his debut had come the season before at Westcliff-on-Sea). But there was to be no century yesterday.

The Essex captain, Paul Prior, laid the loss, Worcestershire elected to bat and there was a collective groan from the disappointed 3,000, although they did have their wish granted, in part. For much of the morning they were able to watch a former England opener who has announced his impending

retirement, scoring a few runs – the problem was that Tim Curtis plays for Worcestershire.

The Chelmsford town crier, Tony Appleton, marked the occasion as the players went off for tea by announcing the former England and Essex captain's birthday and conducting the crowd in a chorus of three cheers.

The great man was acutely embarrassed. He had gone over to speak with his mother, Rose, who had earlier seen her son lead out the side on his 391st first-class match for Essex and his 86th Championship appearance at the ground. But he managed to haul his habitual hangdog expression into something approaching a smile before shambling off to tea.

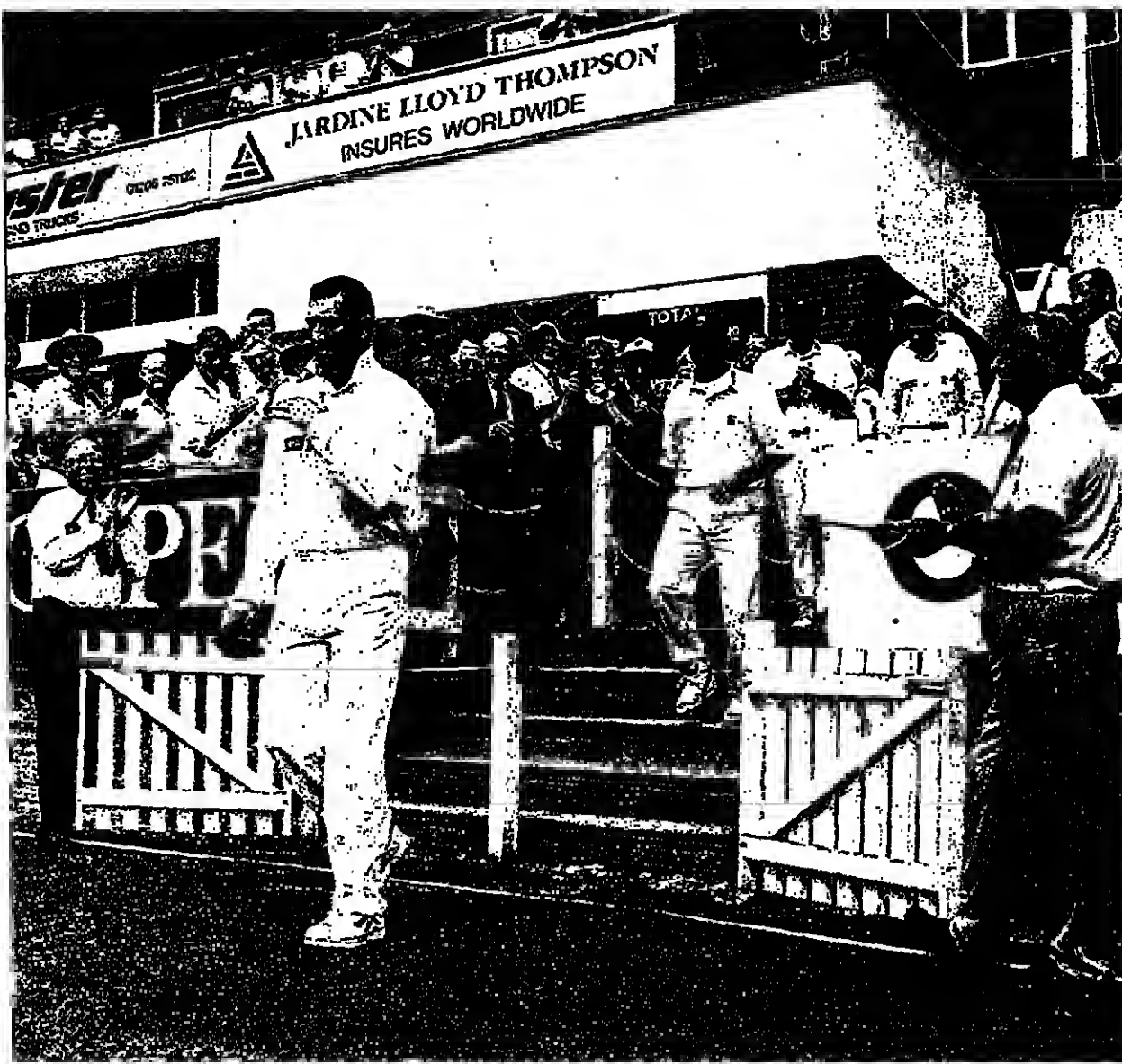
There was no sign of a smile in the second over after tea when Spiring, on 70 and his catch straight back over Paul Grayson's head, Gooch at mid-on and Cowan at mid-off both went for it. They both stopped and the ball fell safely between them.

It is probably no coincidence that Gooch selected this match to make his last bow. Of all the first-class counties against whom he has played, Worcestershire have proved the best source of runs – 1,966 runs at 72.81 – and his best bowling, 7 for 14, was against the same county in 1982.

Essex could have done with something similar this time around. Apart from the one aberration, Spiring was exemplary. He is a hard hitter who is blessed with natural timing. His 14th boundary brought him the fourth hundred of his huge career as he and Solanki piled up the runs for the sixth wicket.

The partnership should have been topped in the bud when it had barely sprouted, off-spinner Peter Such missing a hard return catch when Solanki was on one.

Essex paid dearly for the two missed opportunities, the pair compiling 151, but Gooch had the last word, snapping up a good catch – the 556th of his career – low down at short mid-on to dismiss Solanki. And he can have his say about his availability when



Graham Gooch takes the applause as he leads out Essex at Chelmsford yesterday

Photograph: Peter Jay

## Northants ponder Warne move

Steve Coverdale, Northamptonshire's chief executive, yesterday confirmed his county have spoken to Shane Warne, but denied any firm offer has been made.

The Australian leg-spinner is one of four overseas players Northamptonshire are in negotiation with for 1998, although Coverdale thinks nothing will happen until the end of the season.

They desperately need a spearhead to their bowling attack as this season's import, Pakistani Mohammad Akram, has struggled to fit into his new environment and role.

Anil Kumble, the Indian spinner, enjoyed a successful summer with Northamptonshire two years ago and he is believed to be on the current shortlist.

"We spoke to Shane to ask him about his availability when

reached only 43. At one stage he wet 15 overs without finding the boundary.

Following an opening stand of 53 with Jason Ratcliffe, Bicknell built Surrey a formidable foundation with a third-wicket stand of 175 with Adam Hollis, who hit nine fours and a six in his 81, before being run out by Tony Penberthy's direct throw from third man.

Bicknell was finally out by a simple catch to Paul Taylor at mid-wicket from the off-spin of Jeremy Snape.

Surrey's vice-like grip on the game was further enhanced in the final half-hour as Alistair Brown reached his half-century, while adding an unbroken stand of 54 with Ben Hollis.

Northamptonshire's early attack was lacking in accuracy and penetration, but later they simply failed to get the breaks.

MIKE CAREY

reports from Chesterfield  
Derbyshire 379-4 v Glamorgan

It must have seemed like a good idea at the time when Matthew Maynard opted to bat first here yesterday. After all, were not Glamorgan top of the table, had not Derbyshire just come through yet another traumatic week on and off the field and, most important of all, there was not a hint of rain in the forecast.

All true. But on days like this, you have to think twice about putting in the opposition. Moreover, local historians would have pointed out it is years since this venue was a seam bowlers' paradise, even for those putting the ball in the right place.

Glamorgan manifestly failed to do that, right from the start,

and they were sent on their way by some majestic strokeplay from Adrian Rollins, with a century before lunch (possible a collectors' item) against an attack containing Waqar Younis, and Michael May, who made a highly satisfactory maiden championship hundred.

When Waqar was "seen off", the scoreboard read 79 for 0 from 10 overs. The openers hit no fewer than 32 boundaries before lunch and their partnership of 247 was the fourth highest in Derbyshire's history.

Waqar bowled short and wide and there was no sign of the dreaded swinging yorker. Rollins hooked him regularly, and with time to spare and, as often happens, the other Glamorgan seamers fell into the same desperate groove.

What made it all worse was that Maynard operated for far too long without a third man,

which suited May, who found his strength in dealing with anything short outside the off-stump fed with profitable if embarrassing frequency.

There was little playing and missing and neither batsman needed much luck. Rollins cruised to three figures off 97 balls with a flurry of powerful strokes before Dean Cocker lured him into a misguided drive. May fell to an understudy's guileful stroke off an equally understudy's ball after reaching his century of 184 balls.

Yet Glamorgan should not feel out of it. Last month, Derbyshire lost here to Hampshire, after amassing 523. For the moment though, Maynard has to live with his decision much like Len Hutton, who once confessed that rarely did a day pass when he did not reflect on the time he put Australia in at Brisbane and saw them score over 600.

## Eubank sparks new controversy

Boxing

Chris Eubank has been criticised by a leading British boxing official after claiming he should have "killed" Steve Collins when they met in their first World Boxing Organisation title fight over two years ago.

The general secretary of the British Boxing Board of Control, John Morris, warned that Eubank's remarks – made on Channel Five's *Live and Dangerous* programme – may lead to an official reprimand or fine.

The former champion had been talking about the loss of his unbeaten record to Collins in their WBO super-middleweight title fight in March 1995.

Four years earlier, Eubank inflicted so much damage on

collared to a wheelchair and Eubank felt he had been too cautious after that.

"It was very human of me to feel not guilt, not remorse, but caution," Eubank said. "It was very good of me to be cautious when fighting fighters after that fight. But in hindsight I should not have been cautious – that is the business."

"It will sound bad and callous, but years after – and I came to this understanding after I let Steve Collins get away after I knocked him down and didn't go after him – I didn't want to kill him. But I should have killed him. Or let me use different words – his life is not more important than my career. In boxing, a man's life is not more important than [another] man's career."

Morris said: "Any comments from anyone that refers to

death in the ring fills me with horror and anger. I do not believe that is warranted in any circumstances, in any sport. This sounds very stupid and if it is brought officially to our attention, we will have to consider what action will be taken."

Eubank yesterday insisted he did not mean any offence. "Perhaps I should have used another word, but it was not meant to be taken literally. It was just a figure of speech, meaning to win at all costs, and if a man gets hurt, that is the nature of the business."

"It was not meant to sound callous. I was talking about the intellect and attitude you have got to have in order to be ruthless. But when I use these words, it creates controversy. When you are honest, you get into trouble."

Essex v Worcestershire  
CHELMSFORD: Worcestershire (Opus) are 328 for 5 in their first innings against Essex (2).

Worcestershire won toss

Worcestershire – First innings

T. S. Curran c Cowan b Andrew 33

A. G. Hick b S. G. Law 14

R. Spiring not out 119

J. E. R. Gurnall b S. G. Law 21

D. A. Listerdale c R. Spiring b S. G. Law 21

V. S. Solanki c Gooch b S. G. Law 80

S. G. Law b S. G. Law 11

Extras (bats, wds, nb) 25

Total (for 6, 104 overs) 328

Falls: 1-53, 2-98, 3-128, 4-130, 5-160, 6-317.

To bat: S. J. Rhodes, S. R. Lampitt, A. Sheri.

Bowling: Cowan 9-0-40-0; D. R. Law 15-4-46-0; Andrew 12-2-20-1; Law 15-1-56-0; Such 31-8-62-3; S. G. Law 7-1-20-2; Grayson 11-4-40-0.

Essex v Gloucestershire

CHICHESTER: Gloucestershire (Opus) are 228 for 5 in their first innings against Essex (2).

Gloucestershire won toss

Gloucestershire – First innings

T. S. Curran c Cowan b Andrew 33

A. G. Hick b S. G. Law 14

R. Spiring not out 119

J. E. R. Gurnall b S. G. Law 21

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V. S. Solanki c Gooch b S. G. Law 80

S. G. Law b S. G. Law 11

Extras (bats, wds, nb) 25

Total (for 6, 104 overs) 328

## CRICKET SCOREBOARD

Gloucestershire v Durham  
LEICESTERSHIRE: Gloucestershire (Opus) are 228 for 5 in their first innings against Durham (2) with the following players still in the middle.

Gloucestershire won toss

Gloucestershire – First innings

J. S. Lewis c R. Spiring b Andrew 33

A. G. Hick b S. G. Law 14

R. Spiring not out 119

J. E. R. Gurnall b S. G. Law 21

D. A. Listerdale c R. Spiring b S. G. Law 21

V. S. Solanki c Gooch b S. G. Law 80

S. G. Law b S. G. Law 11

Extras (bats, wds, nb) 25

Total (for 6, 104 overs) 328

Falls: 1-53, 2-98, 3-128, 4-130, 5-160, 6-317.

To bat: S. J. Rhodes, S. R. Lampitt, A. Sheri.

Bowling: Cowan 9-0-40-0; D. R. Law 15-4-46-0; Andrew 12-2-20-1; Law 15-1-56-0; Such 31-8-62-3; S. G. Law 7-1-20-2; Grayson 11-4-40-0.

Essex v Gloucestershire

CHICHESTER: Gloucestershire (Opus) are 228 for 5 in their first innings against Essex (2).

Gloucestershire won toss

Gloucestershire – First innings

T. S. Curran c Cowan b Andrew 33

A. G. Hick b S. G. Law 14

R. Spiring not out 119

J. E. R. Gurnall b S. G. Law 21

D. A. Listerdale c R. Spiring b S. G. Law 21

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Gloucestershire won toss

Gloucestershire – First innings









**The state we're in**  
Ken Jones on the unholy mix  
of sport and politics, page 26

# sport

**Hooray for Gooch**  
Essex and England stalwart  
bows out, page 26



## Liverpool join Newcastle in hunt for Ostenstad

### Football

ALAN NIXON  
AND CATHERINE RILEY

Liverpool have joined the bidding to sign Southampton's Norwegian striker Egil Ostenstad, who has long been a target for Newcastle United.

Roy Evans, the Liverpool manager, wants the powerful forward as a partner for Robbie Fowler and is willing to beat Newcastle's offer of around £4m, which was turned down by the South Coast club earlier this week.

Kenny Dalglish, the Magpies manager, had lined up Ostenstad as Les Ferdinand's replacement, with Newcastle yesterday confirming that they had accepted a £6m bid for the striker from Everton.

However, Liverpool could win the race for Ostenstad if Southampton lower their £7m valuation. Ostenstad has been a success since his £1m signing from Viking Stavanger less than a year ago.

Ferdinand will meet Howard Kendall, the Everton manager, today to discuss a move to Goodison Park after Leeds and

Sheffield Wednesday said they were not interested.

David Pleat, the Wednesday manager, denied reports that he had made a £5.2m offer for the 30-year-old England international, while Leeds also said they had not tried to sign him.

Pleat said: "We have not made an offer. We are aware of many players' situations this summer, no more than that."

A Leeds spokeswoman, Liz Dimitrijevic, dismissed the club's interest in Ferdinand as "pure speculation" and said: "Les Ferdinand is not someone the manager is looking at."

Meanwhile, Tottenham Hotspur yesterday reaffirmed their interest in Ferdinand was to decide on a move back to London.

Newcastle insisted yesterday that the transfer of the Italian defender Alessandro Pistone has yet to be completed. Reports from Italy on Tuesday said a £4.5m deal for the 22-year-old international left-back had been agreed.

However, Freddie Fletcher, the Newcastle chief executive, said that although discussions had taken place with the Serie A side and the Italy Under-21

international, the transfer had not yet been finalised.

Aston Villa have agreed to split the difference and pay Leicester £1.35m for defender Simon Grayson. The clubs could not initially agree on a transfer fee which was set to be decided today by a tribunal.

Villa were offering £750,000 and Leicester asking £2m for their player of the year, but the two parties finally settled on a compromise figure after re-opening negotiations.

Birmingham have written off £1.4m in less than 48 hours with their decision to make winger

Ricky Otto available on a free transfer. Otto cost a then club record fee of £800,000 when signed by Barry Fry from Southend two and a half years ago.

It follows City's loss of £600,000 on striker Mike Newell in selling him to Aberdeen for £175,000 after he cost £775,000 from Blackburn 12 months ago.

David Sullivan, the club's owner, said: "Our wage bill is very high, and as a business we must try and break even and make funds available to buy new players. If players are not in the

team and have no chance of playing, what is the point of running up bills? Otto could have gone to Peterborough at the end of last season for £50,000 but said no."

Sullivan said Trevor Francis still has around £2.7m available for new signings and the manager is looking at Israel's most prolific goal-scorer, Alon Mizrahi. The Israeli is due to fly to Birmingham today for talks about a £600,000 move to St Andrews.

The striker, who plays for Bnei Yehuda, has been Israel's top scorer for three of the last

five years, and has been on trial in Germany with Stuttgart and Swiss club Basel.

Manchester United youngster Jonathan Macken has joined Preston North End for £250,000. The Manchester-born striker has been with United since 1994 and signed professional forms last year.

The 19-year-old had been on the fringe of United's first team without making a senior appearance, but helped the reserves and A sides to win their respective league championships last season.

More football, page 27

**FOURTH TEST:** England try to turn back the clock by changing track at Headingley to combat Australia's lethal leg-spinner

## Warne looms large in Ashes pitch battle

DEREK PRINGLE

Cricket Correspondent

It was not so long ago in these parts of Yorkshire that Headingley, and not the Halifax, was thought to be the banker, at least as far as the England cricket team were concerned. Times change, however, and although the Halifax has moved on to bigger and better things, England are desperately trying to turn the clock back by switching to a slow, grassy pitch.

Although it is a bit like turning to an old friend for a loan, such desperation is not unfounded. With the series still level at one match apiece, this is a crucial Test for both sides. Significantly, neither England nor Australia have come back to win a series after losing the fourth Test.

"It's essentially a three-match series now," Michael Atherton, the England captain, said yesterday. "So you'd want to win it just to set yourself up for the rest of the series. There are not many draws here, so I'm sure there will be a result - hopefully one in our favour."

England, however, are - as Atherton's opposite number, Mark Taylor, wryly observed after the change of pitch - clearly obsessed with Shane Warne. Mind you, who can blame them and mindful that Australia have posted huge totals at Headingley on their last two visits - ideal situations for slow capit-

ulation to Warne's leg spin - England will want to play the game around smaller totals.

It is for this reason that the original pitch - whose bare ends have not recovered from the Texaco match here in June and were seen as licence for Warne to run amok - was rejected, and why, when the sun was blazing yesterday, the moisture was left in the pitch by keeping it hidden under covers.

Predictably, Atherton moved behind the accusations of deliberate pitch manipulation with his customary dead bat. "There is a lot of nonsense talked about pitches," he said, as if addressing a group of tireless school children. "The groundsmen prepares the pitch, not the England team. It's only when he puts those hits of wood in the ground and the game starts that the players take over control. In any case, it's the same for both sides."

In some ways he is right and pitch switching goes on all the time in county cricket, where most see it as accepted practice. In any case the surface looks much like an old Headingley pitch without the cracks and far better looking than the one Australia played on here in 1972 when those campaigning to free George Davis dug it up.

Presumably nothing quite that drastic came out in the pep talk England received from Sebastian Coe during their recent motivational get-together. But if the squad are primed to

hite the heads off anything Australian, England's final XI will not be selected until this morning when Dean Headley's fitness will be given one final assessment.

Headley, as Atherton pointed out yesterday after a long work-out in the nets, appeared to be "100 per cent at the moment". If he is not similarly sprightly this morning, then Mike Smith, Gloucestershire's left-arm swing bowler, will gain his first cap.

As the leading wicket-taker in the country with 55 wickets, Smith, a Yorkshireman, is the man in form. If the atmosphere is heavy and suits swing he may even play in front of Andy Caddick, who despite his 11 wickets in the series has been consistently short of an optimum length. That said, since the team's poor showing at Old Trafford, Atherton has been insistent that there would be no "panic changes", and Smith may have to wait a while longer.

More pressing than their bowling line-up, though, is the severe lack of runs coming from the top of the order. Since Edgbaston, when Nasser Hussain and Graham Thorpe batted superbly, England's batting - save two place-saving knocks of 87 by Mark Butcher and 83 by John Crawley - has been a failure.

Perhaps the most glaring has been the poor scoring of Alec Stewart, who was comfortably



Whole new ball game: Australia warm up with a little light volleyball before today's fourth Test at Headingley

Photograph: Clive Mason/Allsport

England's best batsman last year. So far Stewart, batting at three, has scored 77 runs at an average of 15.4. They are the figures of a tail-ender and although Stewart is one of the fitter 34-year-olds around,

keeping wicket and batting at first drop are clearly taking their toll and he may be better off swapping with Crawley.

Alternatively, the Australians, having seen more of Stewart than anyone else in the

England side, may have worked him out. Either way England need him to fire now if the Ashes are to remain anything more than a dream.

By contrast, Australia have been swift and sure in replac-

ing the troubled Michael Bevan with Ricky Ponting. But while the change narrows Taylor's bowling options it should, despite Ponting's lack of experience at six, strengthen the batting.

With Ponting hungry to show off his considerable talents, it is a move England could probably have done without at this stage of the series.

County reports, Scoreboard, page 22

**THE INDEPENDENT CROSSWORD**  
No. 3359 Thursday 24 July By Spurious Wednesday's solution

**ACROSS**

- 1 Attractive European is up north somewhere (8, 4)
- 9 Determined promoter pens article on tourism initially (7)
- 10 Clue, e.g., that's designed to comprise opening of ode or idyll (7)
- 11 Adjutant, on reflection, is something of a comedian (4)
- 12 Record pupil's given by royal governors (5)
- 13 Trio presently linked with star? (4)
- 16 Cause confusion letting off grenade (7)
- 17 Mocked when about to deliver legal document (7)
- 18 Sowing consultant? (7)
- 21 Person with no convictions? (7)

**DOWN**

- 1 Wander about looking for repairer to accept article (7)
- 2 Illicit drugs one found in Germany (4)
- 3 Agreement to reduce exposure of innocent entertainer (7)
- 4 One antelope associated with river country (7)
- 5 Light seen by fence (4)
- 6 Pull girl up for being a slowcoach (7)
- 7 Those who recycle paper also steal some pieces (3-3-4)
- 8 Item of furniture occasionally used by chemist? (8, 5)
- 14 Go very slowly in voyage round Norway (5)
- 15 Warwickshire forest almost consumed by fire? (5)
- 19 Crack nut - ouch! That's awkward (7)
- 20 Traditional German article given in exchange (5-2)
- 21 Type that is into risky investments (7)
- 22 Providing information which is decisive (7)
- 26 Hurt back of thigh crossing river (4)
- 27 Request for item forming part of legal bargain? (4)

Published by Newspaper Publishing PLC, 1 Canada Square, Canary Wharf, London E14 3DL, and printed at Mirror Colour Press, St Albans Road, Watford.

Back issues available from Historic Newspapers, 01985 340370.

Thursday 24 July 1997 Registered as a newspaper with the Post Office

## Stephens strikes blow for the working class

**Cycling**  
ROBIN NICHOLL  
with the Tour de France

Neil Stephens gave Australia a rare moment of Tour de France glory when the also-rans were given their head yesterday as the race left Switzerland. Stephens, the workhorse for several Tour thoroughbreds, came galloping home three seconds clear of 11 riders for Australia's first stage victory in six years.

Since 1981, when Phil Anderson gave Australia their first yellow jersey and won stages in 1982 and 1991, the boys from Down Under have gained an impressive reputation as talented workers rather than star turners. Stephens, whose professional career started in England 13 years ago, has been an influential force behind the successes of Richard Virenque, the world ranked No 1 Laurent Jalabert, and the world time trial champion Alex Zülle.

For 17 days, the 33-year-old has grafted to ensure Virenque could maintain his challenge for the Tour lead. Yesterday, with his French leader having conceded the yellow jersey to Germany's Jan Ullrich, Stephens was unleashed.

"It felt really great coming in to the finish, but with the wet roads I was careful on each corner," he said. "It was not until the last 500 metres I started thinking of victory."

Ullrich, in the yellow jersey he has worn for eight days, arrived with the bulk of the 143 riders, 3min 58sec after Stephens, whose success did nothing to the leading overall standings. His sacrifices in the daily slog have put the Australian more than two hours behind Ullrich.

It was not all joy in the Deutsche Telekom camp. Last year, Bjørn Riis gave Denmark and Telekom their first Tour triumph. Yesterday he was almost forgotten, and angry. A tablet he had taken to relieve a painful wrist complaint upset his stomach on Tuesday, and he spent "an awful night".

Yesterday he suffered again.

**Yesterday: Stage 17**  
Fribourg to Colmar  
219.5km/135.47 miles

**Today: Stage 18**  
Colmar to Moulins  
175.5km/109.01 miles

**TOUR DE FRANCE 17th stage, Fribourg to Colmar, 219.5km (135.47 miles). Stephens (AUS) won the stage in 3min 58sec. Ullrich (GER) won the overall Tour de France. Stephens (AUS) won the stage in 3min 58sec. Ullrich (GER) won the overall Tour de France.**

**TOUR DE FRANCE 18th stage, Colmar to Moulins, 175.5km (109.01 miles). Stephens (AUS) won the stage in 3min 58sec. Ullrich (GER) won the overall Tour de France. Stephens (AUS) won the stage in 3min 58sec. Ullrich (GER) won the overall Tour de France.**

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